on the 14th (Thursday) a resolution regarding application of Estate Duty Act to agricultural lands, which was put down, was not taken up. We would like to know the programme of the House and when finally this session will close and what are the Bills if any, that are going to be taken up. According to the revised programme supplied to us, there is no provision for taking up any Bills at all. Again, I have tabled two motions for consideration regarding the Public Service Commission Report and regarding the Finance Accounts and Audit Report. I would like to know whether the Government intend to set apart a day each for discussing those Reports.

Sri Kadidal MANJAPPA (Minister for Revenue and Public Works).—After discussing this matter with the Leader of the Opposition and with you, we can make a final statement to-morrow or on Monday.

Discussion on the Report of the Committee constituted to review the working of the Agreement of 1949 between the Government and the Kolar Gold Mining Companies.

Sri Mulka GOVINDA REDDY (Chitaldrug).—Before the Report of the Committee appointed to examine the working of the Agreement between the Government and the K.G.F. Mining Companies is moved for consideration, I would like to know what time we could take and then what time the Hon'ble Minister would take for replying to the various criticisms that may be made on this Report. We are not prepared to sit a minute longer after 5 o'clock. Yesterday we were bored till 8-30 P.M. So we would like to know how much time would be taken both for placing the Report before the Assembly and also for reply so that the members may adjust their time for speaking on this Report.

Mr. SPEAKER.—The probable time required may be indicated.

Sri H. SIDDAVEERAPPA (Minister for Home and Industries).—It may be very difficult for me; but if you fix the time, I shall limit my speech to that time, but I am afraid I shall not be able to do full justice to the subject if time is limited. Anyway I will abide by your decision. If you direct that I must finish within half an hour, whatever I can do I will do.

Sri J. MOHAMED IMAM (Jagalur).—There cannot be any limit of time while speaking on the report.

ಶ್ರೀ ಆರ್. ಕೆ. ಪ್ರಸಾದ್ (ಬಂಗಾರಪೇಟೆ).—ಈ ರಿಪೋರ್ಟನ್ನು ಮಂಡಿಸುತ್ತೇನೆ ಎಂದು ಮಾನ್ಯ ಮಂತ್ರಿಗಳು ಹೇಳಿದರು. ಈ ವಿಷಯದಲ್ಲಿ ಒಂದು ಕ್ರಿಯಾಲೋಪವನ್ನು ಸೂಚಿಸಬೇಕಾಗಿದೆ. 'The Agreement is null and void; that is the legal opinion' ಎಂದು ಹೇಳಿ ಸರ್ಕಾರದವರು on the floor of the Assembly ಹೇಳಿದ್ದಾರೆ. Null and void ಆಗಿರತಕ್ಕ Agreementನ್ನು ಈ ಸಭೆ ಚರ್ಚಿಸಬಹುದೇ ಚರ್ಚಿಸಬಾರದೇ ಎಂಬ ವಿಷಯದಲ್ಲಿ ತೀರ್ಮಾನ ಕೊಡಬೇಕೆಂದು ಕೇಳಿಕೊಳ್ಳುತ್ತೇನೆ.

Sri H. SIDDAVEERAPPA.—Sir, we are discussing the Report and not the opinion that has been given by the Law Department.

Sri K. PUTTASWAMY (Sirangapatna).—I thought there was a point of order. If there was no point of order, I may be given a chance to speak.

Sri H. SIDDAVEERAPPA.—I am answering that. So far as the legal aspect of the agreement is concerned, I will place it before the House when the appropriate time comes. As a lawyer knowing some elementary principles of law, I know it is quite possible for a party to argue that the document is void, voidable and for the other party to argue that the document is perfectly legal. That is not after all of any great importance. Even for the sake of argument, if it is conceded—I have got my own doubts about it and I am entitled to hold my own opinion—that the agreement is perfectly legal, perfectly valid, nothing prevents the legislature, if it so feels, to make such amendments or even to annul a valid agreement by legislation because legislation is always supreme. Therefore, my Hon'ble friend need not attach so much importance to this particular point whether agreement was void *ab initio*, or voidable or legal. These are some of the legal points raised. One party

(SRI H. SIDDAVEERAPPA.)

says that the agreement is legal and the other party has been advised that it may be construed to be void or voidable. Therefore, I do not think it will assume some material importance for the discussion of this Report in this House.

Mr. SPEAKER.—Since it is only a consideration of the Report as scheduled, we are entitled to discuss it and it is left to the House to take a decision as it deems fit. Therefore, it can be discussed now.

ಶ್ರೀ ಕೆ. ಪುಟ್ಟಸ್ವಾಮಿ.—ಸ್ವಾಮಿ, ಈಗ ಸಭೆಯ ಮುಂದೆ ಇಟ್ಟಿರತಕ್ಕದ್ದು ಕೇವಲ ಒಂದು ಸಮಿತಿಯ ರಿಪೋರ್ಟಾಗಿದೆ. ಒಂದುಕಡೆ ಸರ್ಕಾರ ಮತ್ತೊಂದು ಕಡೆ ಚಿನ್ನದ ಗಣಿ ಹೀಗೆ ಈ ಎರಡು ಪಾರ್ಟಿಗಳಿಗೆ ಸಂಬಂಧಪಟ್ಟಂಥ ವಿಷಯಗಳು ಈ ರಿಪೋರ್ಟಿನಲ್ಲಿವೆ. ಈಗ ಈ ವರದಿಯನ್ನು ಈ ಸಭೆಯಮುಂದೆ ಇಟ್ಟಿರತಕ್ಕದ್ದು ಸರಿಯೇ ಅಥವಾ ಅಲ್ಲವೇ ಎನ್ನುವುದನ್ನು ನಾವೀಗ ಚರ್ಚೆಮಾಡಬೇಕಾಗಿಲ್ಲ. ಆದರೆ ಈ ಸಮಿತಿಯ ವರದಿಯಮೇಲೆ ಸರ್ಕಾರದವರು ಏನು ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ಕೈಗೊಳ್ಳಬೇಕೆಂದಿರುತ್ತಾರೆ ಎನ್ನುವುದನ್ನು ತಿಳಿಸಿದ್ದರೆ ಆಗ ನಾವು ಅದು ಸರಿಯೇ ಅಥವಾ ಅಲ್ಲವೇ ಎನ್ನುವುದನ್ನು ಚರ್ಚೆಮಾಡಬಹುದಾಗಿತ್ತು. ಹಾಗೆ ಮಾಡದೆ ಸುಮ್ಮನೆ 19 ರಿಂದ 20ನೆಯ ಶತಮಾನದ ತನಕ ಕಂಪೆನಿಯೊಂದಿಗೆ ಸರ್ಕಾರ ನಡೆಸಿರತಕ್ಕಂಥ ವ್ಯವಹಾರವನ್ನೆಲ್ಲಾ ಇದರಲ್ಲಿ ಚರ್ಚೆಮಾಡಿ ಅನಂತರ ತಯಾರಿಸಿದಂಥ ಒಂದು ವರದಿಯನ್ನು ಈಗ ಸಭೆಯಮುಂದೆ ಇಟ್ಟಿದ್ದಾರೆ. ಇಂಥ ರಿಪೋರ್ಟಿನ ಮೇಲೆ ಚರ್ಚೆ ನಡೆಸುವುದರಿಂದ ಏನು ಪ್ರಯೋಜನ ? ಇದು ಒಂದು ವ್ಯಾಪಾರ ಸಂಸ್ಥೆಗೆ ಸಂಬಂಧಪಟ್ಟಂಥ ವಿಚಾರ. ಇದರಿಂದ ನಮ್ಮ ಸಂಸ್ಥಾನಕ್ಕೆ ದೊರೆಯಬೇಕಾದಂಥ ಆದಾಯ ಸರಿಯಾಗಿ ದೊರೆಯುತ್ತಿದೆಯೇ ಅಥವಾ ಇಲ್ಲವೇ ಅಥವಾ ಇದರಿಂದ ಈಗ ಏನಾದರೂ ಲುಕ್ಸಾನು ವಗೈರೆ ಆಗುತ್ತಿದೆಯೇ ಎನ್ನುವುದನ್ನಾದರೂ ಹೇಳಿದ್ದರೆ ಆಗ ಇದನ್ನು ಸರ್ಕಾರವೇ ನಡೆಸಲ ಅಥವಾ ಅದನ್ನು ಕೈಬಿಟ್ಟೇ ಬಿಡಲ ಎಂದು ಯಾವುದನ್ನಾದರೂ ಈ ಸಭೆ ತೀರ್ಮಾನಮಾಡಬಹುದಾಗಿತ್ತು. ಆದರೆ ಈಗ ಸರ್ಕಾರದವರು ಈ ಒಂದು ವರದಿಯನ್ನು ಈ ಸಭೆಯ ಮುಂದಿಟ್ಟದ್ದನ್ನು ನಾನು ತಪ್ಪು ಎಂದು ಹೇಳುವುದಿಲ್ಲ. ಇದಕ್ಕೆ ನಾವೆಲ್ಲರೂ ನಮ್ಮ ಕೃತಜ್ಞತೆಗಳನ್ನರ್ಪಿಸಬೇಕಾಗಿದೆ. ಆದರೆ ಈ ವರದಿಯನ್ನು ಈ ಸಭೆಯ ಮುಂದಿಡಲು ಸರ್ಕಾರದವರು ಅಭಿಪ್ರಾಯವೇನೆಂಬುದನ್ನು ತಿಳಿಸಿದ್ದರೆ ಆಗ ಈ ಸಭೆಯ ಸದಸ್ಯರುಗಳ ತಮ್ಮ ತಮ್ಮ ಅಭಿಪ್ರಾಯಗಳನ್ನು ವ್ಯಕ್ತಪಡಿಸಲು ಸಹಾಯವಾಗುತ್ತಿತ್ತು. ಹಾಗೆ ವ್ಯಕ್ತಪಡಿಸುವ ಅಭಿಪ್ರಾಯಗಳನ್ನೆಲ್ಲಾ ಕ್ರೋಢೀಕರಿಸಿ ಒಂದು ತೀರ್ಮಾನಕ್ಕೆ ಬರಬಹುದಾಗಿತ್ತು. ಈಗ ಸರ್ಕಾರದವರು ಅಂಥ ಯಾವ ಒಂದ ಅಭಿಪ್ರಾಯವನ್ನೂ ಹೊರಗೆಡಹದೆ ಇರುವುದರಿಂದ ಈ ವಿಷಯದ ಮೇಲೆ ಚರ್ಚೆನಡೆಸುವುದರಿಂದ ವ್ಯಥಾ ಕಾಲಹರಣಕ್ಕೆ ಅವಕಾಶವಾಗುತ್ತದೆ. ಆದುದರಿಂದ ಈ ವರದಿಯನ್ನು ಈಗ ಸಭೆಯಮುಂದೆ ತರಲು ಸರ್ಕಾರದವರೇನು ಈ ಕಂಪೆನಿಯನ್ನು ರಾಷ್ಟ್ರೀಕರಣ ಮಾಡಬೇಕೆಂಬ ಅಭಿಪ್ರಾಯದಿಂದ ತಂದಿದ್ದಾರೆಯೇ, ಅಥವಾ ಇದನ್ನು ಹೀಗೇ ಮುಂದುವರಿಸೋಣ ಅನ್ನತಕ್ಕಂಥ ಅಭಿಪ್ರಾಯವನ್ನಿಟ್ಟುಕೊಂಡು ತಂದಿದ್ದಾರೆಯೇ, ಅಥವಾ ಈ ಸಂಬಂಧವಾಗಿ ಸರ್ಕಾರದ ಲೆವೆಲ್‌ನಲ್ಲೇ ಒಬ್ಬ ಮಂತ್ರಿಗಳಿಗೂ ಮತ್ತೊಬ್ಬ ಮಂತ್ರಿಗಳಿಗೂ ಏನಾದರೂ ಭಿನ್ನಾಭಿಪ್ರಾಯಗಳು ತಲೆದೋರಿ ಹೀಗೆ ಮಾಡಲಾಗಿದೆಯೇ ಎನ್ನುವುದು ಯಾವುದೂ ತಿಳಿಯರಾಗಿಲ್ಲ. ಇದರಲ್ಲಿ ಈ ನಾನಾ ಸಂಶಯಗಳು ನನಗೆ ಉಂಟಾಗಿರುತ್ತವೆ. ಸರ್ಕಾರದವರು ಈ ಸಂಶಯಗಳನ್ನೆಲ್ಲಾ ನಿವಾರಣೆ ಮಾಡಬೇಕೆಂದು ಕೇಳಿಕೊಳ್ಳುತ್ತೇನೆ.

ಶ್ರೀ ಎಸ್. ಗೋಪಾಲಗೌಡ (ಸಾಗರ-ಹೊಸನಗರ).—ಸ್ವಾಮಿ, ಈಗ ಸರ್ಕಾರದವರು ಚಿನ್ನದ ಕಂಪೆನಿಗೆ ಸಂಬಂಧಿಸಿದಂಥ ಒಂದು ವರದಿಯನ್ನು ನಮ್ಮ ಮುಂದೆ ಇಟ್ಟಿದ್ದಾರೆ. ಇದಕ್ಕೆ ಪ್ರತ್ಯುತ್ತರ ರೂಪವಾದಂಥ ಮತ್ತೊಂದು ವರದಿಯನ್ನು ಆ ಚಿನ್ನದ ಕಂಪನಿಯವರು ತಯಾರಿಸಿರುತ್ತಾರೆ. ಈಗ ಅದೂ ಕೂಡ ನಮ್ಮ ಮುಂದಿದೆ. ಹೀಗೆ ಈ ಎರಡು ವರದಿಗಳೂ ಈಗ ನಮ್ಮ ಮುಂದಿರುತ್ತವೆ. ಆದರೆ ಈದಿವಸ ನಮ್ಮ ಮುಂದೆ ಸರ್ಕಾರದವರು ಯಾವ ವರದಿಯನ್ನಿಟ್ಟಿದ್ದಾರೋ ಅದಕ್ಕೆ ಬದಲಾಗಿ ಅವರು ಒಂದು ಮೋಷನ್ ರೂಪವಾಗಿ ಅವರ ಅಭಿಪ್ರಾಯವೇನಿದೆ ಈ ಬಗ್ಗೆ, ಅವರೇನು ಮಾಡಬೇಕೆಂದು ಉದ್ದೇಶಪಟ್ಟಿರುತ್ತಾರೆ ಎನ್ನುವುದನ್ನು ತಿಳಿಸಿದ್ದರೆ ಆಗ ಅವರು ಹೇಳತಕ್ಕದ್ದು ಸೂಕ್ತವಾಗಿದೆಯೇ ಅಥವಾ ಇಲ್ಲವೇ ಎನ್ನತಕ್ಕ ಬಗ್ಗೆ ಈ ಸಭೆಯು ತನ್ನ ಅಭಿಪ್ರಾಯವನ್ನು ವ್ಯಕ್ತಪಡಿಸಬಹುದಾಗಿತ್ತು. ಆದರೆ ಸರ್ಕಾರದವರು ಈಗ ಆ ರೀತಿಯೇನೂ ಮಾಡಿಲ್ಲ. ಒಂದು ದೊಡ್ಡ ವರದಿಯನ್ನು ಮಾತ್ರ ಈಗ ನಮ್ಮ ಮುಂದಿಟ್ಟಿದ್ದಾರೆ. ಇದರಲ್ಲಿ ಇಲ್ಲಿಗೆ ನೂರಾರು ವರ್ಷಗಳಿಂದ ಆದಂಥ ಒಪ್ಪಂದಗಳು ಇತರ ಲೆಕ್ಕಪತ್ರಗಳು ಇತ್ಯಾದಿ ಅನೇಕ ವಿಚಾರಗಳಿರುತ್ತವೆ. ಇದರಲ್ಲಿ ನೂರಾರು ಜನರು ನೂರಾರು ರೀತಿಯ ಅಭಿಪ್ರಾಯಗಳನ್ನು ಕೊಟ್ಟಿದ್ದಾರೆ. ಆದರೆ ಕೊನೆಯಲ್ಲಿ ಅವರೆಲ್ಲರ ಅಭಿಪ್ರಾಯಗಳನ್ನೂ ಕ್ರೋಢೀಕರಿಸಿ ಇದರ ಭವಿಷ್ಯವೇನಾಗಬಹುದು ಅನ್ನುವುದನ್ನು ಮಾತ್ರ ಹೇಳಿಲ್ಲ. ಆದುದರಿಂದ ಸರ್ಕಾರದವರು ಯಾವ ಉದ್ದೇಶವನ್ನಿಟ್ಟುಕೊಂಡು ಈ ವರದಿಯನ್ನು ಈಗ ಈ ಮಾನ್ಯಸಭೆಯ ಮುಂದೆ ತಂದಿದ್ದಾರೆ ಎನ್ನುವುದನ್ನು ಸೂಚಿಸಿದರೆ ಮುಂದೆ ಚರ್ಚೆನಡೆಸಲು ಅನುಕೂಲವಾಗುತ್ತದೆ ಎಂದು ನಾನು ಹೇಳುತ್ತೇನೆ.

Sri Mulka GOVINDA REDDY.—Mr. Speaker, on page 58 of this Report, recommendations of the Committee are found.

Sri M. PALANIYAPPAN (Ulsoor).—On a point of information. Sri Gopala Gowda has just referred to the copy of the Report circulated by the Company to the members of the House. I want to know whether it has been done through you.

Mr. SPEAKER.—We cannot take cognizance of that report at all. The Legislature cannot discuss a report that is circulated by an outside body.

Sri M. PALANIYAPPAN.—I only wanted to know whether it has been circulated through you.

Mr. SPEAKER.—It is a known principle that we cannot discuss such reports.

1 P.M.

Sri Mulka GOVINDA REDDY.—The Committee has made certain recommendations. On page 58 of the Report, clause 13, it is said: "On these considerations, the Committee is of opinion that a rate not less than 10 per cent of net sale proceeds computed as hitherto should be the Royalty payable to the State. This would mean about 100 per cent increase in the present Royalty." So, the Committee has made definite recommendations, as some of the Hon'ble Members have put it. It would be better that a resolution accepting the recommendation of the Committee's Report is placed before the House and discussed.

Sri H. M. CHANNABASAPPA (Periyapatna).—The consideration of the Report of the Committee may be taken up for discussion. I think, it would not be in order to question the ruling of the Chair. A ruling has been given that it must be taken into consideration.

Mr. SPEAKER.—The ruling is not questioned. Hon'ble Members wanted to know whether Government would facilitate discussion by making any concrete proposals.

Sri H. M. CHANNABASAPPA.— It is the Hon'ble Minister's job to make out a case during his speech.

Sri J. MOHAMED IMAM.—The usual procedure is, the Report is taken into consideration. After that, Government will bring a resolution seeking the approval of the House.

Sri H. SIDDAVEERAPPA.—Sir, that is just what I wanted to say. I am thankful to the Leader of the Opposition.

Sir, I beg to move:

"That the Report of the Committee appointed to examine the working of the Agreement of 1949 between the Government and the Kolar Gold Field Mining Companies be taken into consideration."

Sir, this is an important Committee constituted to go into the working of the K.G.F. Gold Mines with particular reference to (1) the effect of repeal of the Mysore Duty on Gold Act, 1940; (2) examination of the position arising out of the Agreement of 20th February 1949 between the Mining Companies and the Government; and (3) measures to ensure improvement in the returns from the Mining Industry. These three were the terms of reference by the Government to this Committee. The Committee has strictly confined itself to the terms of reference as indicated by the Government Order constituting this Committee. Hence, whatever reference I make during the course of my speech will be strictly relevant or pertain to the terms of reference as laid down in the Government Order. But, however, during the course of my speech, if I refer to Gold Duty Act of 1940 or the Act of 1945 or the Repealing Act of 1949, I refer only to those aspects of it that require to be explained with particular reference to some of the contradictions issued by the management of Kolar Gold Field Mining Companies and laid before the public. I would like to make also one point very clear at the outset. It is none of my purpose to refer to the aspect whether the Gold Duty was rightly abolished, whether the new agreement is good or not. These are matters in which I am not interested. I take it for granted that for valid reasons, for justifiable reasons according to the Government, the Gold Duty Act has been repealed and the new agreement has been entered into. I am only concerned in showing to this House as to how the agreement that has been entered into in 1949 has not been substantially, if not wholly, complied with, as to how this agreement has done more harm than good in its actual implementation by the Mining Companies so far as the interests of Mysore State are concerned. With this preface, I shall refer to the Committee's Report now.

Sir, the Committee that was constituted by Government had quite a number of sittings and there was a good deal of deliberation. All relevant facts which were necessary with regard to

(SRI H. SIDDAVEERAPPA.)

the terms of reference were carefully looked into. A questionnaire was also sent to the Kolar Gold Field Mining Authorities. They sent certain replies. When the Committee found that certain clarification was necessary, clarification was sought. Whatever material was placed before the Committee by the Company that material was carefully looked into. I regret to say that, apart from placing certain information in compliance with the request of the Committee, although a specific request was made by the Committee requesting the Kolar Gold Field Mining Authorities to meet the Committee and enable them to understand some of the points and to give clarification wherever necessary, they did not choose to do so for reasons best known to themselves. A special request was sent that the Committee would like to visit Kolar Gold Field and stay there, if necessary, for two or three days to meet the Directors and discuss the several problems that confronted the Committee. They pleaded their inability to comply with our request, excusing themselves by stating that whatever information was necessary had been supplied. Therefore, Sir, it is not as though this Committee's Report is one-sided. It is not as though this Committee's Report ignores the facts or the material placed before them by the Companies. Whatever material was placed was carefully looked into and whatever inferences that could be legitimately drawn from the material made available to the Committee have been drawn. So, Sir, it is better that this point is made very clear at the outset, namely, that this Committee was all eager to have the co-operation of the Mining Authorities in examining the question that arose for their consideration. If we were not able to get that kind of co-operation, it is a matter for regret; that is all we can say and I do not want to say anything more on this point.

Then, I would like to take the Committee's Report chapter by chapter and refer to any statistical information that may be necessary. So far as the replies said to have been given by the Kolar Gold Field Mining Companies on the Report is concerned, this was sent to me authoritatively by the Mining Companies stating that it is the reply given to our Report. I would not have taken cognizance of it but for the fact that the very same rejoinder seems to have been sent to the Central Government also. I therefore feel that whatever has been stated therein should not go unchallenged and wherever I feel necessary to refer to that aspect of it which requires to be clarified, which requires to be examined, I crave your indulgence, Sir, to refer to only that aspect which I feel necessary to explain or to give a reply. Beyond that I do not wish to refer to it in greater detail. There are certain very material points which they contradict and state that the Committee's Report is vitiated for the reasons mentioned by them. It would be better if I explain some of those points wherever explanation is necessary. I do not want to refer to every line and go on commenting on each point that has been raised there.

So, Sir, I take up Chapter II first. It is not very important as my friend Sri K. Puttaswamy said. We are not interested in the history of the Kolar Gold Mines. If history is of any indication to us, if history is of any value, I may place one or two points for the consideration of this House. Sir, it is not as though Kolar Gold Fields Mining Companies are the pioneers of this industry. There are historic documents to show that even at the time of Tippu Sultan's rule or even much earlier this industry was known to our people. In various places there was mining of gold, mining of silver, mining of iron. Therefore mining industry was not totally new to us in Mysore. In fact, it is very interesting to refer to some of the old documents wherein the early pioneers in the 18th century who did this geological survey say that the Scheduled Class people of that area were doing this work. Of course, they had no scientific knowledge of this. They had not had the advantage of the machinery age. But, by their own methods, with

the help of kerosene oil lamps and even crude oil lamps they were working the mine. They had even gone 100 feet to 200 feet deep and it was fairly a paying proposition at that time. The yield was, in some cases, 10 penny weight and 12 penny weight. Then, it so happened that when these pioneers were mining and were producing gold, at the time of Lord Cubbon, I think, in one of the mines there was some accident and one or two people died; the mining industry was stopped compulsorily. Perhaps, if those had known as to how many people die today on account of various accidents in the mines, those mines would not have been closed then. If they were allowed to have their own way, it would have been much better. I understand that the forefathers of my friend Sri Sydney Thomas were pioneers of this work and doing this work about 100 or 150 years back. Therefore there is nothing which can be said or which can be justifiably said that it is the Kolar Gold Fields Mining Authorities and Authorities alone that found the gold in this country. Indications were also there that with the hope of extracting gold in sufficient quantities many companies came in there. It is very interesting to know the earliest lease application that was made.

In the earliest letter dated 30th August 1873 from one Colonel Perse, Nandydroog Division, to the Secretary, Chief Commissioner of Mysore, he says "In the case of gold, I am of opinion that royalty of 25 per cent to Government would suffice." Even at that early age what should be the royalty that would have to be paid by the Gold Mining Companies has also been looked into. Therefore, Sir, so far as Historical aspect of it is concerned, I need not take much time of this House and then go on making references which are not really necessary. I will have to refer to only one or two important aspects. These mines have been working for quite a long time. The first lease period commenced from 1880 and ended in 1909. The second lease period is between 1910 to 1940; the third lease period is between 1940 to 1970. Now actually we are in the third lease period. During the period 1885 to 1953 if you see from mine to mine, the total capital invested in Mysore Mines is 81·33 lakhs. During this period the company has taken a dividend of 1805.79 lakhs. Therefore the proportion of dividend to capital is 222 per cent. In other words, they have taken back 22·2 times more than the capital invested. (*A Voice*: For how many years ?) From 1885 up to 1953. This is the figure I am giving you. In the Champion Reef, they have invested Rs. 43·33 lakhs. These figures are all in rupees. The dividend they have taken is Rs. 939·84 lakhs, that is, 21·7 times more than the actual investment. In Nandidroog Mine, the capital invested is Rs. 37·73 lakhs and the dividend taken Rs. 704·76 lakhs. Therefore, they have taken back by this time 18·7 times more than the capital investment.

Sri A. BHEEMAPPA NAIK (Molakalmuru).—Will they continue to be share holders, Sir ?

Sri H. SIDDAVEERAPPA.—Yes, they will continue to be share-holders.

Therefore, Sir, so far as Chapter II is concerned, apart from the historical aspect of it and some of these figures, there is not much which I will have to bring to the notice of this Hon'ble House. But one point is very clear. If you look into all these things, the basic royalty is based on the selling price of gold. The basic royalty has more or less remained constant at 5 per cent except, to begin with, for about two or three years, it was 10 per cent and then throughout the remaining period the basic royalty has not changed. That is one point which the Hon'ble House may kindly remember when we take up further discussion of this Report. Throughout this period, although many things have changed in this world, the basic royalty has remained the same and the basic royalty has been tagged on to the price of gold. It can be seen, Sir, in this Chapter II, we have also given figures as to the total quantity of ore crushed during this period.

Sri A. BHEEMAPPA NAIK.—Has the rate of royalty been the same throughout the world or whether there

(SRI A. BHEEMAPPA NAIK.)
have been any changes? You please furnish the figures, if you have got.

Sri H. SIDDAVEERAPPA.—Probably for these reasons, the mines there are being worked by the owners. If we had worked, this headache would not have been there.

Sri A. BHEEMAPPA NAIK.—Is there royalty on gold elsewhere?

Sri H. SIDDAVEERAPPA.—I would let you know later. I will bear that in mind. I would only make a request through you, to the Hon'ble Members; Sir, if any doubts are felt, I would request them to ask questions after I finish this speech. I will be glad to furnish all the information that the Hon'ble Members want. I will do it with pleasure.

At page 11, para 28, we have given the production figures and also what the Mysore Government have received by this time by way of royalty and other taxes. It will be seen that, in the case of Champion Reef, compared to gross receipts, dividends declared come to 20·4 per cent, royalty the Government have taken 5·9 per cent; the duty 7·2 per cent and contribution, that is, according to the new agreement 0.9 per cent and various other things. Therefore dividends declared are nearly four times more than what the Mysore State have realised by way of royalty. Then, Sir, there is a history of all other mining companies. Their paid up capital also I will be able to give you when I make a reference to it at a later stage. This is so far as Chapter II is concerned. In Chapter II, we have only to bear in mind the history of these mines as to how they started and how many mines were started. And today, we have three mines working in the area and they are operating nearly about 14,600 acres of land. If you look at the position of those companies today, there are now three companies. One was liquidated in 1953, and the K.G.F. Mining Authorities have made known their intention of liquidating another company very soon, that is, the Mysore Mining Company. That is the present position so far as the number of mines that are operating in that area is concerned. In chapter II, Sir, I will have to refer to one or two relevant factors. So far they have excavated over 650 miles of land. In other words, if you take these excavations and draw them in a straight line, probably, it will go to Bombay or even more. The total quantity of waste rock excavated is 4·75 crores of tons, probably as big as Nandy Hills. The total ore crushed from the mines up to end of 1953 is 3,79,67,480 tons. The total quantity of gold they have so far produced up to end of 1953 is 2,24,66,944 ozs.

The total amount realised from gold and silver produced by Kolar Gold Field mines up to end of 1953 is Rs. 1,85,35,34,400.

This is the total amount of gold taken away from Mother Earth during this period. There is also another statement to which it is not necessary to refer. I do not want to try the patience of the House by referring to all the statements. I refer only to such statements that are very relevant. What I want to impress is that this is a wasting asset which everybody knows. My friend, Sri Sydney A. Thomas will bear witness to it that when once you take one ounce of gold, we have lost one ounce and so much money has been taken away from Mother Earth. Now the only point for consideration is: how much of it has gone for the benefit of this nation; how much of it has left the shores of Bombay? This is a matter that we have to take into consideration only to find out that by the operation of these mines whether Mysore State, as the owner of the Mines, had their full share. Therefore it will be necessary for us to find out how much money has been taken away from Mother Earth; what is the percentage that has been taken away by the Lessees; what is the percentage that has been left to us and what is the percentage that this country has taken out of the precious metal existing in the only part of India, *viz.*, this State. Those are all the facts that we will have to bear in mind with reference to these figures which I have

placed for the consideration of this House.

Then, Sir, I go to Chapter III. Chapter III is very important because that is the Chapter that requires very careful consideration of this House. Chapter III refers to taxation on the Industry. I have already stated how this royalty has been fixed almost right from the beginning. So far as the basic royalty is concerned, it may be safely stated that royalty from 1875 onwards when the first lease was given in the name of Mr. M. F. Lavelle, has been remaining, more or less, constant apart from dead rent and other items which are all very small matters since their financial value is only in thousands. It can be seen, Sir, this question of royalty has come into discussion at various times whenever the Leases are sought to be renewed. Of course, I will refer to one particular aspect of it. Right from the beginning, these mining authorities have been urging to tag on this royalty to profits, or to base it on dividends or profits. Here is a prophetic statement made by Sir K. Seshadri Iyer, which of course, I am happy to say the Kolar Gold Fields Authorities have relied upon. I will read it, because it had come before the same House in the year 1945 or so. This is what he says about the royalty to be tagged on to this profit. This is a letter dated 28th May 1900, from Sir K. Seshadri Iyer, the then Dewan of Mysore to the Resident in Mysore.

1-30 P.M.

"In my D. O. letter, dated Bangalore, the 20th December 1899, I asked the benefit of your opinion on a proposal to change the rate and mode of levying the Royalty on gold mining leases to be hereafter granted by the State. I then recommended the scale given in "Memo of December 1899". Since then we have had discussions on the subject, and you have very kindly favoured me with the opinions of some experts with the Government of India.

The "Memo of December 1899" gives a sliding scale based upon "Net Profits" of a mine. I quite admit that the determination of "Net Profits" for the purpose will lead to no end of differences between the Durbar and the Mining Companies. This consideration induces me to give up the idea of any sliding scale based upon "NET PROFITS".

I next considered a sliding scale based upon "Declared Dividends." It is easy enough to ascertain "Declared Dividends" for the purpose of a sliding scale, but even in this case the "Sliding" has to be made to depend upon another factor, namely, "Capital". It is notorious that a company may be able to manipulate its capital in various ways, and it would be easy enough for a company to so adjust its "Capital" that a scale of "Declared Dividends" bearing a prescribed proportion to "Capital" would not give the State the Royalty to which it has a just right.

I have given the subject my most anxious consideration and I have come to the conclusion that it is best to adopt a sliding scale based upon the quantity of gold produced. I enclose a copy of the scale I propose to adopt. There is in practice a fixed relation between "Net Profits" and the "Quantity of gold produced", and the latter is a factor which is most easily ascertained. Bearing in mind this fixed relation, I have framed the accompanying scale, which, I would observe, is the same as the one I have offered to the mines in the Kolar Gold Field for renewal of present leases as reported in my D. O. letter of this date (*vide* para 9* of the Memo which accompanied that D. O.).

If the scale as above (sent herewith) meets with approval, I shall be able to dispose of all pending applications. I am most anxious to dispose of the without

(SRI H. SIDDAVEERAPPA.)

any further delay, and I shall be much obliged for an early answer."

Therefore the next point is, what is the percentage of royalty and all that. How prophetic are his words and how they have come true! We have not been able to get what we want because, as Sir K. Seshadri Iyer said, surplus profits can be adjusted in the manner in which he anticipated it some half a century ago.

Now, this is a matter which deserves consideration of this House, namely, that every time there is an attempt to increase the royalty, additional royalty or duty, you find in various proceedings, that, throughout, the one song that the company is singing is, the industry cannot bear, the industry will be crippled, developmental work cannot go on, our resources are inadequate, we are unable to man the industry successfully—these usual objections are to be found. And every time, even at the time they were declaring higher dividends. These arguments are not new and the Mysore Government and the Mysore State have been accustomed very fairly to these kinds of argument which they have put forward and to which I will presently allude.

It will be seen from Chapter III, Sir, when gold duty was levied, they raised slogans that it is an impost, production will be impeded, we cannot carry on—that is how they began to say. Well, it is very interesting as to how gold duty was introduced. One reason was and is today that India is the only country where the price of gold is not regulated, where there is a free market for gold, where the price is not controlled, whereas in the international market, you find the price is controlled,—whatever may be the reason for it, it is not my domain to enter into details. It is however a fact that right from the beginning these people are operating in a country where prices are free, where prices have gone up and where there is no regulation whatsoever so far as price is concerned.

It will also be seen that this industry, particularly the Kolar Gold Field Mining Companies who have been operating in the field for the last 80 years and more, at no time have said, 'this is the basic price or the economic price at which we can operate the mines.' I have got figures to show the prices from 1929 right up to 1954. The price of gold began to shoot up from 1939 onwards. Until then, it was about Rs. 60-70-80 within 100 per fine ounce. Fine ounce is equal to 2 2/3 *tola* roughly. Therefore, it will be seen that so far as the price is concerned, it has gone on increasing. They have not, for instance, said that if the price goes below 100 or 120 or 130 per fine ounce, they will not be able to work the mines. What they have done on the contrary is, whenever prices go up, they have regulated their production policy. They know this much—how much is due to the shareholders, what is the dividend they will have to pay and how much is required for the over-all budgetary position for a particular budget year. If the price of gold goes up there will be a corresponding decrease in the production tonnage.

Sri SYDNEY A. THOMAS.—That is with a view to longevity.

Sri A. BHEEMAPPA NAIK.—To decrease the production when prices go up, is that conducive to longevity?

Sri H. SIDDAVEERAPPA.—They have never said 'this is the economic price'. That is one point which the Hon'ble House may be pleased to remember while examining the further points which I shall presently place before it.

Now, Sir, in Chapter III there are points which, as I was submitting, should be remembered by the Hon'ble Members. At para 23 I have given the ruling price of gold from 1939 which was 103 at one time, went up shooting to a maximum of Rs. 306 in 1949, and in 1954, approximately it was at 233 and today, I am given to understand, it is somewhere at 250—subject to correction. That is what I gathered from radio message. At any rate, the ruling price today is between Rs. 245 to 250 per fine ounce.

One other point arises for consideration under Chapter III. Even when the price of gold was below 100, somewhere at 60 or 70, they were getting sufficient dividend; they have declared 70 per cent, 80 per cent and even 150 per cent; when the price rose to 306, they have declared liberal dividends. That is how they are trying to manipulate and regulate their production. I am not blaming them because they are business men. But what I am trying to establish is that the profit motive seems to be uppermost in planning their production policy throughout the period keeping the share of Government as low as practicable. I am sure, I am not far wrong, when I make this general deduction from looking into these figures.

Sir, it was further said that ever since the gold duty was levied in 1940, it was their avowed intention to do everything to get the Duty Act repealed. They began to put forth very cogent and convincing arguments before the Government. The Government made enormous sacrifices in the year 1945 and gave certain relief and in 1949 they totally abolished the gold duty. Sir, they made these sacrifices with best intentions and in the best interests as could be seen from the Deed of Variation which I will presently refer to. How far and to what extent we were able to work it up is a different matter. So far as this gold duty is concerned, in para 31 of the Report a reference is made to the Company's contention that because there was the gold duty, they had to close the Oorgaum Gold Mines. According to them again, because of gold duty—that was the main reason—they said, they were unable to take up any developmental work, they were not able to make improvements, they were not able to increase the longevity of mines, they were not able to work the low grade ore and they have been saying: 'gold duty is the villain of the piece!'. We must remember, Sir, that when Oorgaum Gold Mines were closed, a Committee was constituted under the Chairmanship of Sri N. Madhava Rau and it is contained in the report of that Committee that the closure of the mines had nothing to do with the imposition of the gold duty, and that the gold duty did not bring any suffering to the Oorgaum Mines. I may be permitted to read only the particular and relevant para in the Madhava Rau Committee's Report:

> "In the memorandum presented by the Management, it is pointed out that the levy of Gold Duty by the Government of Mysore in 1940 is one of the main causes for the present debacle in as much as it has, during the period it was in force, deprived the Company of about 50 lakhs of the net income that would otherwise have accrued to it. This argument does not appear quite convincing as the Gold Duty was not a tax on the normal profits of the industry but was merely a levy on adventitious earnings. When during and after the war the price of gold kept on soaring and brought huge unearned receipts which were in the nature of a windfall to the Mining Companies, the imposition of such a duty by the State Government appears quite legitimate. When production costs began to increase, the State Government tried to meet the difficulties of the Company by arranging a system of rebates extending to 50 per cent of the Duty payable. When they found that the rebates were inadequate they also gave a loan of Rs. 3·17 lakhs to the Company on very advantageous terms and finally abolished the Gold Duty altogether in 1949. It has to be admitted that the levy of this Duty did affect the resources of the Company appreciably, but it must also be admitted that at various periods before the levy of Gold Duty and after its abolition, the financial position of the Company was far from satisfactory due to causes unconnected with the mode and incidence of taxation. Whether it would have survived the present crisis had this Duty not been imposed is a matter which, at this stage, can only be of hypothetical interest.

(SRI H. SIDDAVEERAPPA.)

The position of any enterprise which counts on fortuitous profits for its existence must be precarious.

Considering all aspects that have a bearing on the question of finance the Committee agrees with the Management that matters have reached a state where it is no longer practicable for the Company to operate profitably. Moreover, finance is not the major problem to-day. As pointed out in Chapter V, the technical position created by the concentration of 90 per cent of the ore at depths below the 94th level and by stoppage of work at the 88-94th levels on grounds of safety have made it impossible to work the mine as a viable unit."

Therefore, for the arguments advanced by the Company about the gold duty being the cause for the closure of a particular mine, I can only refer the Hon'ble Members to what the Madhava Rau Committee Report has clearly stated with regard to this aspect.

I will briefly refer to one or two relevant figures that may be of interest with regard to Chapter III. It will be seen—though of course this comes up when I reply to the rejoinder—now that I am on this point, I shall also briefly refer to what they have said in one of the rejoinders, namely, they could not take up any developmental work because of this Duty and the money being drained up. It is not a fact and I am going to prove this by their own reports. I refer to the period from 1942 to 1947. From the audited reports and their annual accounts, it can be clearly seen—this was the period during which gold duty was in operation, up to 1945 without any remission, afterwards with the powers to give some remission—it will be seen that in none of these mines during those periods from 1940 to 1947 any developmental work of appreciable nature has been done. The reason assigned is not want of funds, but these are the reasons as could be seen from their own reports. In 1942 in the case of Mysore Mine they say that developmental operations in sinking, driving and raising were affected also by the necessity for conserving supplies in the circumstances due to war. Not for want of funds, mind you, but because materials were not available when war was on. The same they say with regard to Champion Reef and Nundydroog. Of course, in Champion Reef there was a labour strike during that period and also they say that materials could not be had. In 1943 the necessity to restrict developmental work continued because war conditions continued; they could not get the materials required. In 1944 the chief causes for the decrease in the development work were two months' stoppage of work and labour shortage due to fire in Power Station at Sivasamudram. That was a thing for which nobody was responsible. In 1945 repercussions of the war and post-war conditions and shortage of labour greatly retarded the mining operations throughout the year. Developmental work was therefore confined to middle and upper portions in Mysore Mines. In 1946 mining operations were retarded by difficulties in obtaining supplies of materials, etc., and labour unrest. In 1947 labour unrest continued. These are the reasons they have given to their own share-holders as to why developmental work could not progress during these periods when the Gold Duty was off. It is not for want of funds as they have now tried to make out: "We had no funds and therefore we were not able to do any work." It is for two reasons, namely, during the war they were unable to get any materials that were necessary and for some time probably, as I have already said, their production targets and their production programmes have been nicely arranged to suit their own needs. I think I need not state anything further so far as this particular point is concerned.

Then I take the House to Chapter IV. That is an important Chapter as to the effect of the repeal of the Gold Duty Act. What is the effect on the State after the Gold Duty Act was repealed? It can be seen from these figures that Rs. 603·54 lakhs were made available

to the Companies. Otherwise, the State could have taken it away if the Gold Duty was in existence. These figures are of course based on very rough calculations. It can be seen from these figures that a certain amount was made available to the Mining Companies for doing developmental work. How far and to what extent those developmental works have been carried on is a matter which will be referred to in a little greater detail at a subsequent stage. But it is a fact that the State lost so much of money during these four years. If Gold Duty had not been abolished, the State could have got a substantial amount from this. This amount was made available to the Companies for a specific purpose, for a definite purpose as is made known in the agreement; but, how far and to what extent it has been attended to is a different matter. The next point I would like to say with regard to Chapter IV is that it may also be worthwhile to remember at this stage that when the gold duty was abolished, the Government was given to understand that even under the new scheme of relief that was sought, the Government would get anywhere about Rs. 25 to 30 lakhs or at least a minimum of Rs. 20 lakhs, etc., leaving alone the basic royalty. What is it that the State has received ? In 1949 for 8 months we got 11.09 lakhs. In 1950-51 for 15 months we got 20.57 lakhs; in 1951, 13.94 lakhs; in 1952 zero; in 1953, 0.31 lakh. This is the amount that we have received under the new agreement, under the new scheme, on working out the scheme as to giving deductions for 15 per cent of the aggregate amount for development and various other things and what we could have expected. Even at the time when the discussions had taken place in 1948 and discussions continued with the Government for quite a good number of months, there we are definite indications to show that the State would get over and above that, not less than Rs. 30 lakhs, but the above figures show the amount the State had received during this period. I do not want to tire you with regard to statistical figures regarding Chapter IV.

Then I come to Chapter V. Before I go to Chapter V, it would be better if the present agreement is read out to the Hon'ble Members once. I invite your attention to page 134. These are the specific points agreed to between the Company and the Government.

"Now This Deed Witnesseth And It is Hereby Agreed as Follows :—

1. The Lessees will take all possible action to see that working costs are kept low by enforcing economy wherever possible.

2. The Lessees agree that they will continue to keep in view the longevity of the industry as the guiding consideration and shall as far as possible adopt a policy of working low grade ore.

3. The accounts of the Lessees in respect of the working of the mines shall be subject to local audit by a duly qualified staff to be appointed by Government from time to time. The cost of this local audit staff shall be a charge on the revenue account of the Lessees.

4. With effect from the date on which the Gold Duty is abolished the Lessees shall pay to Government in addition to Royalties and Taxes according to the terms of the Leases and all other Taxes under any other Law in force from time to time Contribution out of the net surplus as set forth hereunder.

5. The Contribution shall be calculated as defined hereunder and this amount shall be payable monthly on the basis of the accounts of each month subject to adjustment at the end of the year with reference to the annual audited accounts . . . ."

Clause 5 of the Deed of variation referred to in the agreement refers to the mode of arriving at the net surplus. I need not take you through all the various things that have been referred to in clauses 1 to 8. That is how we have to compute the amount of the net surpluses and the reason that we have no occasion to get anything from them for the last two years is also simple. It would be merely of academical interest if I have to read what is contained in pages 134 to 136 from

(SRI H. SIDDAVEERAPPA.)

clause 1 to 8. These are the cardinal points. Now the House is interested in knowing whether all these clauses have been worked in such a manner and in a spirit in which this agreement was entered into by the Government by making enormous and new sacrifices. That is a matter which we will have to refer to and look into when we come to subsequent Chapters from Chapter V. That is why I took you through the important clauses of the Deed of Variation.

There is one important point. Right from the beginning the Companies are referring to low grade ore. According to the Mining Companies, if one ton of ore is crushed, if it yields anything less than five penny-weight, it is a low grade. This low grade ore has been left as beautifully vague as it can be in the agreement. What is low grade ore has not been defined. I will refer to the proceedings that took place when this discussion was going on with the Government. Here is a letter dated 20th February 1949 written by Sri M. A. Srinivasan, who at present is the Chairman of the Kolar Gold Field Mines. This is what he says so far as the low grade ore is concerned. Regarding other matters, I need not tire your patience.

> "A definition which will be arrived at between the technical advisers of Government and Messers. John Taylor & Sons, defining low grade ore for the purpose of this agreement shall be added to the leases when they are transferred to the Mysore Companies."

This has not been done so far. Therefore, as a student of law—I know a little bit of law also—if we enter into an agreement by a mistake or by a mistake by which we are lulled into the belief by one of the contracting parties (I believe it is under section 29 of the Contract Act) such a contract becomes either void or voidable; but it is a matter of academical interest to you, I will not be pinning my argument on that aspect of it. This is what was definitely understood by one of the parties. This is a vital matter. Unless you work the low grade ore, it is not possible to ensure longevity of the mines. Unless and until there is a definition to find out what a low grade ore is, whatever the companies say is a low grade ore. That is exactly the position in which we find ourselves today. When discussion took place for quite a long time, this is a definite understanding made by the representatives of the Mining Companies that, before the Mysore Companies are registered, before the management is transferred to the Mysore Companies, it is very necessary that a definition of 'low grade ore' is definitely, unequivocally and without ambiguity put into the agreement. So far, the Mining Companies have not done it. (*Interruption*). May I humbly request the Hon'ble Members to allow me to have my say and I am prepared to answer all your questions; I don't shirk. Now there are so many ideas vibrating in my brain. I am likely to lose the trend if I am interrupted in the middle. Now we come to Chapter V. This is an important Chapter. "Transfer of Assets." Take clause 2 of the Agreement:

> "After the said Gold Duty Act has been repealed and not later than 31st December 1950, each of the Companies will respectively incorporate in the State of Mysore a Public Company with limited liability to take over its undertaking and assets situate in the State of Mysore."

What has been done in this case is this. It is worthwhile to remember it. It is with a definite purpose. Government insisted that these Companies would have to be registered in Mysore. One of the reasons assigned was that U. K. tax might be got rid of or so much money would remain in the State. What is it these gentlemen have done? They retained the Sterling Companies as they are there. They got the Mysore Companies registerd here. But the same set of shareholders who were the shareholders in the Ster-

ling Company became practically the shareholders in the Rupee Company. What is the result? Not a single rupee capital was invested, mind you. I am quite definite that in this country we could have raised the amount of money. After all, four crores or five crores of rupees for a big country like India is a flea-bite. If really the agreement was caried out in its spirit, not in its letter, we could have expected the liquidation of Sterling Companies and the starting of Rupee Companies here, and not with a loaded dice as they have done which I am subsequently going to prove. They could have started the Rupee Companies. Now what has happened? The same set of shareholders that were there for a long time, perhaps from the time these several companies operated, got themselves registered under a system; I am not saying it is illegal, it is technically legal and what they have done is correct. But that is not the spirit of the agreement under which the Mysore Government made an enormous sacrifice when they said that the transfer of management would have to be shifted to Mysore. The result has been very funny indeed. They had certain assets there. What they did was, certain assets were retained in London and liabilities were dumped on these poor Rupee Companies. They took the butter and left the butter-milk to the Rupee Companies. That is the unfortunate position in which the Rupee Companies were started in Mysore. Certainly that was not the intention of the Mysore Government when these Rupee Companies were formed. But that is how the Rupee Companies were formed in Mysore.

2 P.M.

It can be seen, Sir, that in para 4 of this Chapter V, the actual transfers effected to the new companies of Assets and Liabilities were as under :—

"(1) All assets situated in the Mysore State; (2) All liabilities of the Sterling Companies except (a) General Reserves (b) Un-appropriated balances of profit and loss accounts; (3) All liabilities, acutal and contingent of the Sterling Campanies and also liabilities towards Pension Fund for initial contributions, annual bonuses, etc." This pension fund is another thing that has happened after 1949. For the services stated to have been rendered by these covenanted officers to the Sterling Companies, the poor Rupee Companies have been made to contribute which ultimately comes to a huge sum of about Rs. 40 lakhs. These assets were transferred under Sale Agreements between the Sterling Companies and Rupee Companies. The Committee notice that in effecting such transfers certain assets were valued in excess of their book values which was not contemplated in the agreement. The excess value of the assets received by Sterling Companies is as follows:—

Mysore Company	...	£ 78,241
Champion Reef	...	£ 15,960
Nundydroog	...	£ 44,084
Oorgaum	.	£ 125,235

These are covered by excess assets they retained and to that extent they shoved off various liabilities. There is also one other point which strikes me and it is rather curious. When these agreements were being entered into, surely, the Management did know that Oorgaum Mine was a lame duck, and she had already come to her end. In spite of it, it is curious they kept for themselves £ 125,235. What does it show? Did they at any time bring to the notice of the Mysore Government that Oorgaum Mine was about to be closed? Why did they retain such a huge asset without any reason and transferred higher liabilities to the Rupee Company is a matter they must be able to answer. This point is very interesting and, in my humble opinion, in fairness it was the duty of the Sterling Companies to have retained proportionately more liabilities than they did. They never did it though it was their own arrangement and it was their own sale-deed; it was simply a book adjustment and it was not a change of coin from one hand to the other. This is how they started the Rupee Companies under a very unfair position. So, the Rupee Companies for these reasons were not able to get any capital. They were obliged to raise loans by paying larger amount of

(SRI H. SIDDAVEERAPPA.)

interests because the Sterling Companies chose to retain more assets and shoved the liabilities on the head of these poor Rupee Companies. It has been cogently argued in this Chapter as to the utter unreasonableness of the Management in having tagged on Rupee Companies to the Sterling Companies. We have very clearly stated that it was not the intention of the Mysore Government to start the new companies with depleted resources and excess liabilities. It can also be seen that the book value of the assets on transfer to the Rupee Companies has been appreciated and that is rather a funny point. The book value of the assets has been appreciated to the tune of 53 per cent in the case of Oorgaum. It was all in their own hands and they had their own way of doing things. On the one hand, the Sterling Companies have unjustifiably retained more assets and on the other hand the assets of the Rupee Companies were appreciated without benefit. This, Sir, has really caused a lot of inconvenience to the Rupee Companies.

Sri A. BHEEMAPPA NAIK.—The assets of the Sterling Companies were appreciated and not of the Rupee Companies.

Sri H. SIDDAVEERAPPA.—It can be seen, Sir, that this lack of liquid resources is one of the reasons why the Rupee Companies could not successfully operate. Sir, with regard to Chapter V, I shall refer to one or two mportant statistical figures which may be of importance to this House. It is also very interesting to know that. So far as these Rupee Companies are concerned, I was anxious to know how many Indian shareholders are in this Company. But to my utter surprise that information has been withheld. This is the kind of co-operation that I am receiving from the Mining Companies. It has been only stated that in the Dominion Register as on 31st March 1955 in the Mysore Company, there are 315, in Champion Reef 85, in Nandydroog Mines 73, the percentage being 18·1 in Mysore Mines, Champion Reef 9·9 per cent and Nandyroog 13·2 per cent. There is one point which will have to be remembered here. They are not exactly all Indians here. I am given to understand that in the Dominion Register there may be people who are other than Indians but who are perhaps residing in India. It can be said without any fear of contradiction that the major share capital is still held by non-Indians. Today, probably more than 90 per cent or roughly thereabout of shareholders are non-Indians. Of course, a few lucky Indians here and there may be privileged to hold shares and these are the privileged Members of that Company. Sir, there is one other point which I may bring to your notice during this statement. I just now mentioned that all the assets were not transferred to the Rupee Companies by the Sterling Companies and they retained certain assets. That figure comes to about Rs. 86·58 lakhs (gross). These assets, they could have rightly transferred to these Companies with corresponding liabilities. They have withheld. I think, I need not trouble you with the figures for each Company. But this is the total amount of the assets retained by them, in my opinion, without any justification.

Sri A. BHEEMAPPA NAIK.—Is it book value or appreciated value ?

Sri H. SIDDAVEERAPPA.—It is from their Accounts. Then I need not trouble you about the relationship of the Sterling Company with the Rupee Companies. I may tell you in one word that it is something like two faces of one coin, and nothing beyond that.

Then, Sir, I come to another very important point, namely, Indianisation. That is one of the important clauses. I believe on this clause the Government pinned great faith. I find from the proceedings when the Gold Duty was abolished, the Government made it very clear to them that within a measurable distance of time, they must train a sufficient number of Indians. In fact, the Government while moving this Bill to abolish Gold Duty said that we were very near Nationalisation because many Indians would be trained within a very short time to man the

important Departments in the mining industry so that the sacrifice we were called upon to make by abolishing the Gold Duty was not very much when compared to the enormous benefit that we were likely to get by this process of Indianisation. I am very sorry to say, Sir, this aspect of it has not been properly worked by the Mining Companies. It will be very interesting to see that so far as Indianisation is concerned, how at every stage they have been at cross purposes, if I may say so; the figures may be seen by the Hon'ble Members here as to how many Indians are there, how many non-Indians are there holding higher posts. There were, on 30th June 1954, 100 non-Indians and 132 Indians covenanted officers, leave alone our labourers who form the bulwark. It is not by that measuring yard that we have to consider whether there is that process of Indianisation; if that is the standard, we are already having Indianisation from a very long time ago. But it is in the case of some top men, some top ranking officers, whether this process of Indianisation has been followed or not is a matter, we have to look into. Sir, it can be seen here, under Indian Technical personnel as on 30th June 1954, the following is the position regarding Heads of Departments.

Chief Surveyors ...	2
Administration and Medical.	
Head Office Accountant ...	1
Industrial Officer ...	1
Field Welfare and Labour Officer ...	1
Doctors	2

The total is seven. You would not find a single Superintendent. I believe my friend Sri Thomas will agree with me . . . . .

Sri J. MOHAMED IMAM.—Do not involve him please.

Sri H. SIDDAVEERAPPA.—I am very sorry. I only said that there was not a single Indian Superintendent: beyond that I am not going to say anything. So, Sir, there is not a single Indian Officer occupying any post of importance. Is it for this that we made this huge sacrifice, losing nearly seventy-five lakhs to one crore every year to the State Exchequer? They have referred to certain points in the reply so far as this Indianisation is concerned. They say, in 1954 they have appointed an Indian Watch and Ward Officer. What a big post they have given! It took them so many years to make us qualified to be policemen. Is that the kind of technical men or the process of Indianisation that we wanted? Is that the kind of Indianisation that we envisaged under this new agreement that was entered into? Sir, I am given to understand that I do not know how far I will be correct in saying it—even as long back as two or three years this question of Indians and non-Indians has been carried on so far that when the Chief Minister visited the hospital, there, he says, one could have fonnd differential treatment. Sir, this is the position in which Indianisation is to be found here. I leave it there and say a little more when I come to my reply to their report. It is sufficient for me to say that this clause has been more honoured in the breach than in observance. Sir, we have got a College of Metallurgy in Dhanabad. Not even one graduate from that college has been appointed by these people. I do not know whether anybody has subsequently been appointed; somebody who is in the know of things may tell me. Further, there is a metallurgical section in the Benaras University. Our people have been trained there. I learn that not less than 350 qualified Indians are being trained in Germany in mining and metallurgy by another foreign firm which has entered into collaboration with the Government of India for starting a steel plant in this country. They have been given attractive scholarships for their study; they are even given family allowances for their own people when they are studying there. What is it that this Company has done for the last 80 years I want to know. Does it not show that they have not cared to train sufficient Indians and they have tried to preserve their own people? From 1953 onwards, when Mysore Government began to agitate that they are not properly working this agreement, then one or two Indians have come into the picture. Well, Sir, I

(SRI H SIDDAVEERAPPA.)

have great respect for Messrs. John Taylor & Sons. Government have no rancour or ill-will against the Company. They have almost become one with us having stayed with us for so many years. What I ask is: "Have you got your moorings in Mysore or elsewhere"? If they had their moorings here, they should have trained sufficient number of Indians. An Indian can better manage the work because he knows how to manage with Indians and I am sure, the production will be improved. Sir, I give one instance. I understand that in these deep mines ropes are changed once in three years. It was the good fortune of an Indian to have been entrusted with this work. First, they had their own doubts as to whether this man would be able to do the work or not. But, he was able to do it in a record time, I believe, a day or two earlier than the schedule time and to the full satisfaction of the Superintendent. I am saying all this just to show that given the opportunity every one of us can rise to the occasion and prove that we are capable of doing any kind of work satisfactorily. They say that the Kolar Gold Field mones have their own peculiar problems and that the mines are the deepest ones. No doubt they are the deepest. But, that does not mean that we should not have a chance to look into it. As a matter of fact, as I have already said, Indians know how to work in deep mines. I have got historical records to show that in Udaipur they have worked in deep mines of 300 to 400 feet in Zinc and Lead Mines. In Hyderabad the Hatti mines have been worked by Indians only supervised by Chinese and Egyptians. Our only grievance is, we have not been given the opportunity. It is for this purpose and this purpose alone that the Government of Mysore lost considerable money, but alas! with no considerable return because the Company has not cared to train Indians. Sir, a question was raised by some people as to what should happen to the people who are working now there. It is none of my concern. What is required is, Indians, competent Indians, Indians who can do the job will have to be given a place. Sir, in this connection I may mention one single case. There is an Indian, a very competent Indian in that company. I do not want to mention his name, Sir, of course, not in my interest bnt in the interest of the officer himself. That Indian, Sir, is quite competent to hold any technical post in Kolar Gold Fields. Whenever his chance comes, he is let down and his juniors—non-Indians—are promoted. Government of Mysore took up his cause and told them that this was sheer injustice which they should not do. What is the reply we have received, Sir? They say that this man is unsuitable for the particular post. If the judge and the prosecutor are one and the same that is the result. We have such a good number of Indians who can rise to the occasion, given an opportunity, and man any job. That is one thing.

The second is, there is another policy followed by this Company people. If they want a particular technical man, they will advertise the post and say that the person who applies must have been trained in such and such a thing in the Royal College of Mining in London, in some precision tools; the funniest thing of it is, these tools are not operated in Kolar Gold Fields. The result would be, with some person in view they advertise and appoint the person. This is one of the policies that is followed so far as this Indianisation is concerned. I do not think I need take any more time of this House on this point. It is sufficient to say that the policy of Indianisation is more honoured in the breach than in observance.

Sir, with your permission, I make the following statement regarding Chapter V, in reply to what the management have stated in pages 16 to 18 of their Rejoinder.

Transfer of Assets.

The Agreement provided:

"(i) The Lessees will take the necessary steps to transfer the seat of management and control of the companies to a place within the Mysore State,

very early or well within the date from which the Gold Duty Act is repealed.

(ii) After the said Gold Duty Act has been repealed and not later than the 31st December 1950, each of the companies will respectively incorporate in the State of Mysore a Public Company with limited liability to take over its undertaking and assets situate in the State of Mysore."

When a Sterling company was functioning in this State, their assets which existed in this State and elsewhere, covered all their liabilities. There is nothing in the discussions concerned or in the agreement to show that all the assets and all the liabilities in the Mysore State would be taken over by the new Companies and in addition the subscribed capital also retained at the same figure. The only reasonable interpretation that could be put on this clause is that the Rupee Companies will take over the assets situate in Mysore at the values as recorded in the books and the other assets retained by the Sterling Companies. This naturally implies that the division of liabilities will be proportionate and if the paid up capital was to be retained at the original figure, then, other liabilities should have been *pro rata* adjusted.

Instead, the value of assets in Mysore were inflated as stated in the Committee's Report and disproportionate liabilities imposed on the Rupee Companies.

The contention of the Management that the procedure followed by them in this regard is consistent with the agreement is not tenable at all. It should be noticed that throughout the negotiations for the 1949 agreement there was no suggestion for any revaluation of assets, or disproportionate allocation of liabilities.

The Company's contention that the inflation in values of assets is not to the extent referred to by the Committee is not correct. The Committee's statement is correct and is supported by Company's own accounts.

Now, Sir, I go to Chapter VII—Working Costs. Sir, this is a very important Chapter. Here we find that by their own method of increasing the cost of production, by various methods, by creating new offices, by creating new liability, by giving all kinds of increments, they have reduced profits which would have otherwise become available to the State of Mysore. I would not worry if 'A' gets Rs. 10,000 a month so long as it does not affect my divisible income. I do not worry myself even if they give a crore to each worker if their resources permit it and that Industry could bear such a strain. But the trouble is, whatever they are, they reduce the divisible income to the Mysore State. It is from this context we have to view and look at the Working Costs. Sir, we have given figures in the Statement (Pages 85 to 94 of the Report) to show as to how the working costs have gone on increasing from time to time.

2-30 P.M.

It can be seen how during these periods the covenanted officers' Pension Fund and the monthly rated and other labourers have involved huge amounts, coming to a total of Rs. 329·58 lakhs. The net revenue expenditure also has gone up. It may be argued as to how they are able to meet all this. It is in our interest to know all this. As I have already stated, they know how to produce more and then earn as much as necessary to meet their current expenditure. That is why I was also telling them, if they so mind, by increasing the production they may easily satisfy the demands of the owner of the mines, *viz.*, the Government of Mysore. In this triangular contest, if I may say so, to share the profit and cut the cake, it so happens that this unfortunate partner, the Government of Mysore, is always left out of the picture. Labour is there, I am not grudging to pay the labour what is justly due to them—let not my friend Sri Venkatesh look at me,—and the K.G.F. Mining authorities are there. They just know how to satisfy their own demands. What is more, it is this: The owner of the mines has to get what is rightly due to him. If you take our Tenancy Act or other provision like that, though the analogy may not be approximate, it may be safely assumed that at least the owner of the

(SRI H. SIDDAVEERAPPA.)

property is entitled to 1/6th of the produce. At least a minimum. Nowhere this man has come into picture at all. If they produced more, they apportion between themselves and leave the Government where they are. They have only 5 per cent basic royalty during all this period. And it can be seen, Sir, these increases have gone on to such a length that in some cases the increase is over 200 per cent or 300 per cent. It does not just much matter in the case of these daily rated labourers, since any large increase will give only a smaller amount to the workman. But take the case of a fat salaried person who is getting Rs. 2,000; if his salary is increased by 300 per cent as in the case of labour, he gets Rs. 6,000. It can be seen that there is high percentage of increase in their salary. These figures will clearly indicate to the Hon'ble Members that the percentage of increase is by and far in the case of high salaried people, that is, the covenanted officers and also those that come just below that category. So far as the daily rated and monthly rated people are concerned, it is just reasonable. It is not right for me to make any further comments on this question, because I believe Davey's award is before the Appellate Tribunal; therefore, I am content by saying that there is appreciable increase in this wage structure also with the result that the divisible pool or the profits which the Government have to get as their share have been totally reduced and in the year 1952 we get zero rupees, whereas the other expenditure has gone on mounting. That is with regard to Chapter VII. Beyond that I need not say anything more, Sir.

The most important thing in Chapter VII is Section II which deals with Pension Fund. This Pension Fund is an innovation which came into existence subsequent to 1949. Not a word was whispered when the Government of Mysore entered into a new agreement that the company would create this new charge and deny the amount rightfully promised. What is more, Sir, it is said that this pension fund covers the services rendered by officers to the Sterling Companies when they were operating the mines and the poor Rupee Companies are made to contribute for it from their own funds. It amounts to about Rs. 40 lakhs non-recurring with further recurring expenditure. I would like to ask: Where is the justification for such a creation of pension fund? Where is the justification for these people to think of Pension Fund after 1949? Why did they not do it earlier, I would like to ask. And is it not a clear breach of the terms of the agreement that we have already entered into? It had been made clear to them that the working cost should be kept as low as possible. Did you consult the authorities who had the interest in dividing the profit between you and us? Not a word. Now they say, there was one Government Director whom they consulted. Unfortunately for Government, the Director is no more. He died and what is more, there is nothing on record and there are no proceedings to show that the Government of Mysore was consulted. They say that they consulted the Government Director who was Sri Ramakrishna. He is no more to verify that statement. But at any rate there is nothing on record to show that he was consulted and that is a fact. I believe, Sir, we protested. The Government of Mysore said this was not a charge which should be tagged on to us. In spite of our protests, they never cared. They have gone on swelling the expenditure, with the result that today we find the working costs have gone up. Not only that, Sir, it may be very relevant if I say had they not done this, Davey's Award perhaps would have been quite different. Davey's Award has been substantially influenced by the creation of this new Pension Fund. There was a dispute between the labour and the management regarding two or three points. They wanted a basic wage, some bonus scheme and all that. Though, of course, this matter is before the Appellate Tribunal, Davey's observations are very significant. "It was argued on behalf of the management that the company could

not afford to pay higher wages. 'I may however be noted that the management has only recently introduced a pension scheme for its convenanted employees which costs the companies large amounts. The Champion Reef Gold Mine, the Mysore Gold Mine and the Nandidroog Mine had to contribute Rs. 1,33,866, Rs. 1,74,862 and Rs. 1,67,522, respectively as the (annual) contribution to the Pension Fund in the year 1952. In other words, three companies together have spent a sum of nearly Rs. 4¾ lakhs in one year for providing for pension for their covenanted employees who number only 187 for all the three companies together. It may also be noted that the management voluntarily introduced this Pension Scheme."—Note the words "Voluntarily introduced the Pension Scheme"—"for these covenanted employees of their own accord. If the companies felt that their resources were sufficient to provide pension for their covenanted employees with retrospective effect, they must be taken to be in a position to give reasonable increments to their other workmen also. In my opinion, the maximum wages . . ." , etc.

They have thus gone on increasing the working cost and then say: "No, we cannot work satisfactorily." I would like to ask; supposing the Gold Duty was in existence, and they had to pay Gold Duty,—I challenge,—would they have created this Pension Fund; would they have created various other extra items of expenditure? Because surplus was left in their hands—not for this purpose, I am quite definite about it as the Mysore Government had no doubt in their mind, the surplus funds were made available for purposes of developmental works, for purposes of longevity of mines and for national purposes, not for cutting the cake and apportioning it among themselves. This by itself in my opinion is sufficient to say that this agreement is more honoured in the breach than in observance, and if probably it is given to any lawyer, he may also make out a case whether it is void or voidable. As I have already said that it is a matter for deep consideration at your hands. I would like to refer to some of the relevant points regarding chapter VII and Companies Rejoinder Pages 25 and 26.—The Committee's Report has brought out the objection relating to the introduction of this fund in all its aspects. Except stating that it was necessary to keep the staff contented and that it applies to both covenanted Indian and non-Indian staff, the management have not answered the Committee's observations. The undertaking of past liability has not been explained. The urgency for the introduction of this fund existed only in the imagination of the management and it is definite that had the Gold duty Act with its modifications in 1945 continued, the management would have postponed the introduction of the scheme. It was only because the Gold Duty Act was repealed in full that the management introduced this scheme diverting the resources available thus. The fact is there that several commercial concerns in India run efficiently with a lower scale of Provident Fund at 8 1/3 per cent or 6¼ per cent as against 10 per cent subject to a maximum limit of this concern and without Pension Fund in addition. It does not require special mention that the Pension Fund applies only to the covenanted officials who form a very minor fraction of the total personnel employed in this Company. I cannot help remarking that the attitude of the Management of the Company seems to be that with increases in taxation by the Government in this country, the rates of pay, allowances, etc., to be paid to the covenanted personnel should also go up. The increased taxation is borne in this country by one and all and there is no increase in income granted or obtained by them simultaneously with increase in taxation. It would be a bad policy and would defeat the purpose of increase in taxation if the policy adopted by these Companies is to be followed. I therefore feel, Sir, the Company has created some of these funds and has deprived the Mysore Government of its just dues or

(SRI H. SIDDAVEERAPPA.)

of its rightful share from the profits of the Company.

So far as Chapter VII is concerned, there is one other point, very relevant, which I would like to place for the consideration of this House. There are similar mining concerns in India. I have taken their figures for purposes of comparing the pay structure in K. G. F. with Singareni Collieries and Tata Collieries. It is worthwhile to note at this stage alone that conditions are very favourable here for mining industry. The climatic condition of K. G. F. is very fine. K. G. F. is like a sanatorium. We will not find this salubrious climate in any one of those two places. I am going to give these figures just for purposes of comparison.

Comparative statement re : Salaries, etc., of staff employed in Mines and Collieries.

	Kolar Gold Fields	Singareni Collieries	Tata's Collieries
UNDERGROUND	Rs.	Rs.	Rs.
Assistant Agent ...	400—25—600	200—25—525	250—30—400—430—30—550
Agent ...	600—50—1,150	550—30—730	600—50—750—800—50—950
Agent Selection Grade ...	1,100—50—1,350	1,000—60—1,300—750—50—1,050	
Acting Chief Officer ..	1,400	...	..
Chief Agent ..	1,500—100—2,000	1,400—75—1,700	1,000—60—1,300
ENGINEERING			
Assistant Engineer ...	375—25—575	200—25—525	250—20—350
Engineer ...	550—50—900—25—1,000	550—30—730	350—25—450—480—30—500
Engineer Selection Grade ...	950—50—1,200	1,000—60—1,300 750—50—1,050	600—50—750—800—50—950
Acting Chief Engineer ...	1,250	...	...
Chief Engineer ...	1,300—100—1,600—50—1,700	1,400—75—1,700	1,000—60—1,300
SURVEY DEPARTMENT AND METALLURGY			
Assistant Surveyor or Metallurgist ...	375—25—575	200—25—525	100—20—200 100—10—170
Surveyor or Metallurgist ...	550—50—900—25—1,000	550—30—73	...
Selection Grade ...	900—50—1,150	1,000—60—1,300 750—50—1,050	...
Chief Surveyor or Metallurgist ...	1,200—100—1,500—50—1,600	...	300—30—450

KOLAR GOLD FIELDS

Dearness Allowance : 30 per cent of Basic Salary - Maximum Rs. 250.
Servants ,, : Chief Officer—Rs. 150; Officer—Rs. 100, Assistant Officer—Rs. 50.
Overseas ,, : 35 per cent—Maximum Rs. 600

SINGARENI

Dearness Allowance : 10 per cent, Maximum Rs. 250—Hyderabad Currency.
Servants ,, : Rs. 100, Rs. 70, Rs. 50 Do

TATA'S

Dearness Allowance: 10 per cent—Maximum 100.
Servants ,, : Rs. 150, Rs. 140, Rs 60.

Note—1. In Kolar Gold Fields there are several allowances such as Furniture, Maintenance Leave Allowance, etc., which do not exist in others.

2. The climate and living conditions in Kolar Gold Fields are much superior to other places.

Likewise, Sir, here the scale of pay is more than either in the Singareni or the Tatas. Take again the dearness allowance. In K. G. F. it is 30 per cent of the basic salary going up to a maximum of Rs. 250. Along with that, they have got various other allowances such as the overseas allowance, servants allowance, etc. As a matter of fact, when a man goes on leave, he actually gets more pay than when he is on duty. In Singareni the dearness allowance is 10 per cent and the maximum is limited to Rs. 250, Hyderabad currency. They have not got overseas allowance. In Tata's the dearness allowance is 10 per cent and the maximum is limited to Rs. 100. In K. G. F. there are other allowances like the furniture allowance and various kinds allowances which do not exist in other places.

These figures I have purposely given just to show that they have not reduced but increased the cost and taken away what is rightly due to the Government of Mysore.

Sri A. BHEEMAPPA NAIK.—What were their salaries before 1949 and what were the salaries and allowances in 1953, 1954 and 1955?

Sri H. SIDDAVEERAPPA.—I will collect the figures and give you after lunch. I will pass on the statement to my Hon'ble friend; he may just look into it.

The scale of pay to the monthly-rated employees is as follows. They have got it as A, B, C, D, E, F, G.

A	Rs. 295 to 415	E	Rs. 55 to 90
B	,, 200 to 280	F	,, 35 to 45
C	,, 140 to 190	G	,, 20-1-30
D	,, 95 to 135		

I believe most of my friends come under E, F and G—the majority of them. This is with regard to the pay structure.

I have got the percentage increase of pay and from that it can be seen that there is quite a large increase from year to year. I do not want to tire the Hon'ble Members and waste the time of the House by referring to the wage structure.

Mr. SPEAKER.—They are in the reports.

Sri H. SIDDAVEERAPPA.—If I take 1939 as basic and take the figure as 100, in 1953 the covenanted staff were paid 163 to 328 per cent; the monthly-rated staff 55 to 89 per cent and daily-rated staff 282 to 315 per cent.

The financial effect of Davey's award may come up to Rs. 45 lakhs. So Sir, I believe this extra expenditure certainly is not in the interest of the industry, especially in the case of the higher people and certainly it has worked detrimental to the interests of the Government of Mysore, the landlord and the owner of the Mines.

Sir, I do not know whether I have taken more time. Let me take up Chapter VIII. This is also an important chapter dealing with the development and longevity of the mines.

Sri T. MARIAPPA (Mysore City—North).—How much of this expenditure could have been controlled and how much could have been reduced? Can you give us?

Sri H. SIDDAVEERAPPA.—We could have controlled it, if we had a little backing.

Sir, this is one of the important reasons why the Government of Mysore made all sacrifices. Our idea was to see that mining is regulated and that mining is systematically and methodically done with a view to see as far as possible its life is extended. In order to find out how exactly this has happened, I may mention for the information of members, we appointed a technical committee, as could be seen from the Report, consisting of Mr. Bhat, Inspector of Mines; Dr, Pichamuthu, the Director of Geology and Mr. David who is the Retired Chief Inspector of Mines of the Mysore Government. We took their advice. They have given us a very valuable report just to show that longevity of mines could have been maintained further. There is one point I notice in this yellow book.

Sri K. HANUMANTHAIYA (Chief Minister).—Yellow Book!

Sri H. SIDDAVEERAPPA.—Yes, probably, my reply will be given in a different colour.

(SRI H. SIDDAVEERAPPA.)

Sir, from the reply furnished by the Mining Companies,—they copiously quoted from Appendix H, they say: "Look here, take Appendix H.—you will yourself see that there is a lot of developmental work done; we have spent a lot of money on develop ment work". We have paid compliments where they were due and we are not exposed to the blame that the Report is one-sided. That blame is taken away. We have clearly stated and we have given credit where it was due. We have taken into account what exactly the real situation is. What is contained in Appendix H is a statement of fact which could not be denied. But the question is, when you take the Appendix H and quote it for purposes of developmental work they have done, you will have to ask them to show whether they had a regular plan under which they carried out this developmental work. What is done is only the result of certain circumstances that existed. So far as that statement is concerned, it is better I make out my reply.

The clause in the schedule to the agreement states that a sum up to 15 per cent shall be reserved for depreciation and development expenditure of a capital nature, etc. This is one of the terms. Out of profits, after making due allowance for working expenses, 15 per cent is taken away only for the purpose of development work and depreciation. That amount is credited to them. Hon'ble Members may please note that the word used in this clause is '*shall*'; and it is therefore a mandatory clause. Consistent with this, the words 'up to 15 per cent' which are argued upon by the management of the Companies, definitely establish that so long as funds are available, provision up to 15 per cent must be made. When funds are not available then all the money available should be appropriated for such reserves. The Company's claim that they reserved the right to set aside up to 15 per cent of the costs according to mine's requirements for capital expenditure is not supported either by the clause or by the proceedings leading to the agreement. Further from the provision in the clause which allows the balance in the fund to accumulate up to 25 per cent of the expenses of the lessees shown as debit items in their published revenue account or income and expenditure account as the case may be of the first year on which the 15 per cent was calculated or of the last preceding year whichever shall be the greater, it will be seen that the interpretation of the Company is not consistent with this, as no accumulation to the extent specified will result under such arrangement. The point I would like to make out in this is that they were obliged to make an allowance up to 15 per cent for development work and spend it as such on development works. What is exactly in my mind is that they have not been able to do that amount of work in any year. Sir, I believe that, so far as development works are concerned, they ought to have done a little more, though of course, where credit is due, we have not stinted to give them that much of credit. I also invite reference to Statement 17 which shows the nature of expenditure incurred for the Reserve. To what extent the purpose of this Development Reserve has been achieved, I leave it to the members to judge.

Then, Sir, the most important Chapter, Chapter IX, deals with the aspect as to how to improve the returns from the mining industry to the State. The Report gives certain figures in this Chapter just to show what are the average increases that have been given to officers, staff and labour. In the case of European covenanted officers it varies from 163 to 211 per cent and European covenanted non-officials it varies from 264 to 294 per cent and locally employed officials 194 to 328 per cent. In the case of monthly-rated staff the increase is only 69, 55 and 89 per cent in the three mines. The Labour has got an increase from 282 to 315 per cent. Therefore it will be seen that higher officers have taken more share than what they ought to take. And I would invite the attention of the Hon'ble House to paras 12 and 13 of the recommendations on page 58:

"Having examined all aspects, it is the conclusion of this Committee based on facts and relevant data that the Mysore Government as the owner of the Mines are entitled to at least 10 per cent of the royalty."

This is the minimum which, according to the opinion of the Committee, the Mysore Government are entitled to.

Mr. SPEAKER.- Does the Hon'ble Minister require more time ?

Sri H. SIDDAVEERAPPA.—I shall be able to take half an hour more and finish.

Mr. SPEAKER.—The House will now rise and meet at 3-30 P.M.

The House rose for Lunch at Three of the Clock and reassembled at Thirty Minutes past Three of the Clock.

(MR. SPEAKER in the Chair).

Sri H. SIDDAVEERAPPA.—I believe Hon'ble Member Sri Bheemappa Naik raised a point as to what was the royalty in other countries. I have got information now to give. In the United States, royalty is not in force. However, in that country gold mining industry is subject to local taxes and they vary from State to State. Likewise in Canada. In South Africa this royalty is based on profits according to a formula which is determined by the State Government from time to time.

Sri Mulka GOVINDA REDDY (Chitaldrug).—Are those mines operated by native concerns or foreign concerns ?

Sri H. SIDDAVEERAPPA.—By the people from these States. I believe most of the mines are owned, subject to correction.

I have to make a statement about the allocation of expenditure. By the method of new accounting system, they have reduced our divisible pool. They have referred to it in their reply. I just want to make a short statement about it. In connection with the allocation of expenditure between capital and revenue referred to in para 21 of the Committee's Report on the Chapter of working costs, the management of the Companies have taken shelter under the excuse of bringing about a uniformity of procedure. The objections to this change in practice are strong and have been well brought out under para 21, page 42 of the Committee's Report and they have not been answered by the Company. The changes introduced by the Company have affected the share of surplus due to the Mysore Government and the unilateral action of the Company in introducing such changes was not correct irrespective of whether the effects were far-reaching or not and the extent of which the management have not cared to expose.

Now I come to the end of this Report. Before I close, I shall have to make a reference to one or two important points. I was submitting to the Hon'ble Members that I would be able to give the price of gold. In the international market the price of gold from 1921 to 1933 was 20·67 dollars. From 1934 up-to-date, it was 35 dollars. But in India the average price of gold—I have got figures from 1880 to 1920—varied from Rs. 56 to 80 per ounce; that is, Rs. 21-3 0 per tola. In 1921 it was Rs. 80 and in 1924 it was Rs. 70 per fine ounce. In 1925 to 1930—all these years it was ruling at Rs. 57. Then up to 1938 it was below 100. As a matter of fact, in 1937 it was 93. In 1938, 95. Then from 1939 the price went up to 103. At the time when we levied gold duty in 1940 it was 113. Then the prices swelled. Then in 1946 it was 266. In 1947, 286. In 1948, 302. 1949, 306. 1950, 303. 1951, 297. 1952, 237. 1953, 229. In 1954 roughly 240 to 250 now at the moment. It will be seen that these prices of gold are not constant in India and the price is a variable factor from year to year.

I have to mention about the eligibility of the State to get payment from this Company by way of royalty. So far as royalty is concerned, it is a payment made to Government in respect of mineral wealth permanently removed and therefore must have relation to the quantity of the ore mined or its products. It has been held that it is not in the nature of a tax. In Hallsbury's Laws of England at pages

(SRI H. SIDDAVEERAPPA.)

602-604, a definition of royalty has been given :

"1310. A royalty, in the sense in which the word is used in connection with mining leases, is a payment to the Lessor proportionate to the amount of the demised mineral worked within a certain period. . . ."

These Companies seem to take exception to the Government describing themselves as the owners. Virtually it is not a matter of very great importance for the simple reason that they are the owners of lease rights during the lease period. Suppose I take a mortgage with possession. I get mortgage rights and lease rights or like that. But as the owner of the lease rights by no stretch of imagination could they claim to be the owner of the property as such, but at the moment under a valid lease held by them, they may be said to be the owners of the right to work those mines as lessees. One other question was raised, which is very important. These Companies seem to feel that the Government are also one of the contracting parties and as such, cannot claim to have any superior right in the matter. I want to distinguish that point. No doubt, Government are one of the two parties to the contract. Government are the lessors and the Companies are the lessees, but at the same time it should not be forgotten, and the important factor should not be lost sight of, that Government, apart from being the lessor, have an overriding right as the sovereign authority in the State and if they so feel, nothing prevents the Government from interfering in the larger interests of the State and it is a well recognised principle of law that any agreement may be set at naught by legislation if the Legislature so feels. Of course, it is in the interests of the State. There are two remedies now open to Government as one could see. As they themselves have been claiming 'Why don't you go to arbitration?', my reply to that would be, it is not necessary. When we have two remedies, I would like to take 'the speedier of the two remedies.' As a matter of fact, every one of us knows what it means to go to a court of law and what is the time involved in these things. If this House feels that in its actual working this lease is not in the interests of the State, nothing prevents the State from interfering by means of legislation. It is not right for them to say: "Well, as one of the contracting parties, we were not given a right to appear before that Committee." I am giving an analogy here if it can be an analogy. We have got what is called "Board of Directors" for Bhadravati Iron Works and there, by virtue of the office, the Minister will be the Chairman. Whatever the Board may decide, just because the Minister is a party to it, it does not necessarily mean that it shall not be interfered with by the Government. Very often, it so happens that what the Board of Directors have done with a Minister as Chairman may be turned down *in toto* by the Government. The same Minister in his capacity functioning as Government has the right to set at naught what has been decided by the Board of Directors. After all, what has happened in this case? The Government according to the desire of the Legislature appointed a Committee to go into the question. But nothing prevents the management to co-operate with the Government even now. If they so feel that they have not been heard by the Committee, nothing prevents them from placing whatever material they deem fit to place before the Government. As a matter of fact, the Government have not turned them out at any stage. I may disclose that after the Report was issued, they came and approached the Government and said they would be prepared to sit and discuss the matter and they would come in the capacity of a regular delegation; but they did not come afterwards in that capacity. Then they issued a rejoinder. Therefore, the Government have not tried to form any unilateral opinion without taking into confidence one of the contracting parties. To say the least these are not correct in saying that the Government

had not given them a hearing or the Government did not like to talk to them.

Now it remains for me to reply as briefly as possible to the remaining minor points in the Company's Rejoinder. In one of the places it has so happened that due to typing error, one or two mistakes have crept in and the word 'not' has been taken away or 'of' is taken away, and it gives a different meaning. Subsequent paras or subsequent reading would give a correct meaning. They caught hold of such things and commented. One or two such things have happened. On page 9 of their reply this is what I find:

> "From these three companies must be obtained the revenues required by the Mysore Government, and it is these three companies that have to bear the overall costs connected with mining on the Kolar Gold Field. This places a heavier financial burden on each company than in the earlier days when there were more companies to share it."

This has no meaning in my opinion. They are only paying for what they are producing and realising; they have not been asked to pay anything more. There were a number of companies and they went on amalgamating. I hold the opinion that even today if there is one company instead of these three companies, the management would be better, more efficient and the overhead cost would be lesser. The mere fact that there is one company or there are more companies does not affect in any way the actual working of the company. It is the area, the extent they work and the various developmental works they have undertaken that matters. I have already referred to the following statement of the management.—

> "The closure of the Oorgaum Mine in 1953 was accelerated by the Gold Duty Act which enforced the payment of a net sum of Rs. 128 lakhs to the Mysore Government between the years 1940 and 1949 and rendered it impossible to plough back adequate funds out of revenue for development and exploration."

I have referred to it and I can only reiterate that this mine was closed for technical reasons. I need not refer to anything more than merely stating that this Government whenever necessary and whenever the Companies came forward have given appropriate reliefs at the appropriate time and even at this stage they have been harping upon this point. It does not stand scrutiny even for a minute. Supposing there had been Gold Duty. What would the Companies have done? What would they have done if war had not increased the price of gold? They would have restricted the expenditure to a lower price level and continued as they have done much earlier. What prevented them from doing that? What were the circumstances under which they thought the boom prices would continue year after year? What were the basic economic principles on which they regulated commitments for expenditure? When we ask them how would they anticipate the prices to continue, they say "Only prophets can say what ruling prices would be." We know that in any particular year, whatever may be the price, they will adjust their production programme and they would get just what they want, whatever may be the adverse factors by way of price or otherwise. They admit that the Gold Duty was introduced with a view to remove the adventitious profits that they were getting. So, when they admit that these adventitious profits were temporary, was it not the duty of the Company to regulate their expenditure to a level without taking adventitious profit into account. I am afraid they have not done it. They now say that the price went down and so the Oorgaum Mines had to be closed. So, Sir, this does not stand the test of scrutiny and it is not correct for them to say so. Sir, with regard to dividends they say that subsequently dividends have been reduced. We should not forget one fact that the subsequent dividends are all income-tax free. I believe from the year 1945 these dividends are income-tax free. But what enormous

(SRI H. SIDDAVEERAPPA:)
dividends they had taken some time earlier and they range from 150 per cent downwards to any per cent! Then, Sir, there is one other point. They said that they had been ploughing back all their money for development and exploration. How much had been ploughed back and how much had been drained out is a different matter to which I do not refer now. If they have ploughed back some portion of the money, they did not plough back for the fun of it; they ploughed back the money to get more money from that industry; as a matter of fact, if any industry were to exist, amount will have to be ploughed back and they will have to sow and then reap. The only point is, just like sowing one grain and getting many more, they have also ploughed back some money. If the Companies have followed normal commercial practice to meet capital expenditure from surplus funds, it is nothing extraordinary.

SRI H. M. CHANNABASAPPA (Periyapatna).—Have you anything to say with regard to the non-payment of dividend by the Oorgaum Mine since 1951?

SRI H. SIDDAVEERAPPA.—So far as these dividends are concerned, I have given a statement already and I have been trying to race against time. If you want something more, I shall provide.

SRI T. MARIAPPA.—His point is whether the statement was correct that subsequent to 1951 no dividends were declared.

SRI H. SIDDAVEERAPPA.—In 1951, there was a fire and in 1952 troubles commenced and in 1953 they closed the mines. So, that was the fag-end of its existence and it is something like a man breathing his last.

Sir, the Companies stated that the present shareholders are not the original shareholders. This is another argument they have advanced. But I am going to ask them, has the extra payment by the new shareholders if any benefited the industry by putting any extra share capital? The shareholders are different by innovation. That is a point which you must look into and understand. The present shareholders have not brought one pie more into the industry. Don't forget that. There is therefore no use in arguing that the present shareholders are not the old shareholders. The only possible thing is they might have put old wine into a new bottle; nothing more seems to have been done.

Then I go to Chapter III. I refer to page 10. They say:

> "If the Gold Duty Act had not been repealed in 1949, all the Companies on the Kolar Gold Field would have ceased to be economic units and would have been forced to close down in 1951."

This is another assertion of theirs. This shows the basic mentality of the management. Without economising and trying to control the expenditure at a level compatible with international price level, they are increasing the expenditure as they like. A proper scientific method of controlling expenditure should have been followed; in my opinion they have not done it. They say:

> "During the years 1940 to 1949, a net sum of Rs. 12·43 crores was paid to the Government of Mysore by the Mines in Gold Duty, Royalty and additional Royalty, and it was realised by the Mysore Government that a drastic reduction in these abnormal payments would have to be accepted if any revenue at all was to continue from the Companies in the future. Under no circumstances could these payments have continued for long."

So far as various other incomes are concerned, the members of this House are aware that we have been supplying to them electricity at a price lesser than the cost price. That has been referred to by my colleague while answering an interpellation on the floor of this House. If the Gold Duty had continued, for any extra expenditure that the management would have incurred, they should have certainly done it with the concurrence of the

Government and to that extent, necessary relief would have been given and the Government would have ensured that extra commitments and expenditure against adventitious incomes were properly controlled. According to the Act of 1945 they could not commit any extra expenditure until the Reviewing Committee examined it and gave them relief. Now they had a free hand and they have done it. From the statement No. 6 in the Report, you will see that from the time the Government started giving relief out of Gold Duty, the profit which was available to them after payment of duty went on increasing. Even in the case of Nandydroog Mine, which was considered a lame duck, the earning went up from 1946. So, they cannot now say that the rate of profit that they earned went down. That is not a fact. The only thing was about the total quantity of production. I have made it clear that they regulated the production to suit their needs. They regulated the production in such a way that after paying gold duty, they would earn a profit to pay such dividend as was necessary. Their policy had been to crush less tonnage when the price went up and to crush more when the price came down. They tagged on the production policy to price structure, the idea being to give as much less money as possible to the Government because they knew that if the production was more, it would not help them as they would not get a major portion of the profit. That is how they made out a case for the abolition of Gold Duty, that finances were not available for development, etc.

4 P.M.

Page 11 of the Rejoinder : The Management's contention is that, but for the Gold Duty, development work in the mines would have kept pace with the needs of the industry.

These paragraphs refer to the extra amounts the Companies would have had if there had been no Gold Duty. For the moment I am prepared to grant it. But, after all, it is a part and parcel of the adventitious income. Supposing this adventitious income was not there; would they not have continued and developed the mines if gold price had continued at lower levels ? I refer the attention of the House to the Statement regarding dividends declared. Could they from past history establish that even in years when they declared high dividends they controlled their maximum limit and reserved any surplus for lean years ?

In the last paragraph, page 11, they have given a comparative statement of the footage and other things. The development of footage went down due to non-availability of materials, labour strike, etc., which I have already explained and not due to lack of funds. After the agreement the development footage and production has increased ; it is a fact. The reason is, if they had not done it, they could not have existed and they had to increase production to make both ends meet. In Nandydroog there was so much of development in 1952 (24, 915 ft.) because there was a new reef that had to be developed. The management is capable of adjusting their production programme with reference to price and costs so as to enable them to declare such dividends as may be necessary.

Then page 12, para 27 : The management have referred to increased development about which I have already replied. They have stated that dividends fell from Rs. 23·11 lakhs in 1949 to Rs. 7·14 lakhs in 1953. It should not be forgotten that the figure for 1949 included accumulated surplus of previous years. Whereas in 1953 the figure represents the net income of that year.

Page 13 para 30 : They themselves have accepted that they have made a change in the accounting procedure. I have made a statement regarding this. Even the rising costs was comparatively low in 1943, they say. Even according to them, up to 1943, in spite of the Gold Duty, they did not suffer in any way.

Provision of funds for development : The new reef was found in 1949 and they claim that it was their far-sighted policy that brought them success

(SRI H. SIDDAVEERAPPA.)

though the relief was given. Of course, every man must have far-sighted policy; otherwise he cannot exist. There is nothing extraordinary to take the credit for themselves.

Indianisation of staff:

I have said much about it. The Committee's Report is also clear.

Sri T. MARIAPPA.—What is the reaction?

Sri H. SIDDAVEERAPPA.—I have said that they have not done it. I have given a detailed statement. Then on page 14 you can see "The effect of the Repeal of the Gold Duty Act."

It is said that the income-tax is very heavy. That is what they have been saying. So far as that is concerned, every person has to pay the Central income-tax. We cannot escape from it. The underlying idea for increasing tax is that sufficient money is got by Government for development purposes and also to put down inflationary tendency. If a responsible organisation like the Kolar Gold Field goes on counteracting taxation policy by putting up higher salaries it is counteracting the principles of taxation.

The assumption that they would have paid Rs. 243·68 lakhs as income-tax cannot be made at this stage as we do not know what they would have done with the surplus of Rs. 603 lakhs.

Then, page 15. "Statement 10 makes it perfectly clear that there cannot be any just criticism of the action of the Mysore Government in repealing the Gold Duty Act."

As a matter of fact, I have already referred to this. The management have made the remark because of the minus figures. This is because of the increased expenditure committed to by them from year to year. If they had known that surplus funds would not be available they would have controlled the costs and the point is whether the extra expenditure after the repeal of duty was justified.

In Chapter V regarding Transfer of Assets, I have only to say, the whole chapter is a pun on the words of the agreement. We can dispose it of by saying that there was no idea of revaluing the assets. If there was any such idea there would have been specific discussion on the subject. It is a very important matter and would certainly have been dealt with. So far as the intention and discussion leading to the agreement is concerned, they prove there was no such idea. The only thing that we expected was that all assets would be transferred to the new Company. The liabilities which existed on that day were common liabilities in Mysore as well as outside Mysore. There was no hard and fast rule for distinguishing such assets and liabilities. If certain assets are retained outside Mysore it was incumbent on the Companies to have taken equal liabilities and that was a responsibility cast on them. There was no question of revaluing the assets at that stage.

Indianisation. I have already said much about this. I would only reiterate that if Indians had been trained from the beginning almost every officer would have been an Indian.

Chapter VIII—Development and Longevity of the Mines: (Pages 27 to 30 of the Rejoinder).

"The non-inclusion of the definition of low grade ore was due to the fact that it was not capable of exact quantitative definition, as recognised by the Committee." Certainly a comprehensive definition could have been arrived at and this was the responsibility of the management. As regards the statement that there is confusion of ideas regarding the meaning and implication of the terms 'marginal' and 'low grade' ore, it must be pointed out that there was a typographical error; it should be 'marginal grade of ore' instead of 'marginal grade ore'. This has been made much of. If this small omission is supplied the observation in para 3, page 27 of the Company's Analysis becomes redundant.

While the Management have contended that low grade ore was kept up by increased efficiency and output, it has to be remembered that the abnormal price of gold was a major factor. It can also be seen that they have got their own uneconomic units according to me. They have already been thinking of closing the Mysore Mines.

Sir, I am coming to the end of my speech. It is very important to refer to a relevant quotation and, that is, what Dadabhai Navroji said about 60 years ago about our Gold Mining Company. It is as fresh as ever; I crave your pardon to read it. He wrote a letter to Sir K. Seshadri Iyer. This is from the proceedings of 1940 Legislative Council, page 31, from the speech of Sri D. V. Gundappa. He quoted certain passages from Dadabhai Navroji's letter. He says:

> "With regard to the Gold Mines, or the mineral resources of Mysore, I hope the Mysore State itself, or the Mysore people, would work them and keep for themselves the wealth that nature has given to them, instead of allowing a foreign people to take it away, leaving only a small royalty to the State and only labourer's wages to the people. I go even so far that Mysore should strain every nerve to prepare her own subjects to carry on the administration."

How prophetic are his words and how true they are to-day! They are still ringing in our ears. Then, Sir, this is what he wrote to Sri J. N. Tata, the founder of the Indian Institute of Science:

> "Pray, do not be annoyed for troubling you again. Is it not possible for you to raise the million you want from the Indian Princes? To me it is a matter of grief that you should become the instrument of enabling foreigners to carry away the natural wealth of India with the only benefit of some thousands of Indians earning a livelihood. To my mind it is a great injury to India. I would rather that this wealth remained buried than that it should be carried away by other people. I hope you will take it in the spirit in which I am writing."

How true are these words, Sir! I would like every Hon'ble Member to ponder over them.

Then, Sir, there is another very important matter, namely, what should we do? I believe, having studied this subject in greater detail, it would be better to place the whole matter on a proper footing by means of a legislation. To begin with, our State Exchequer must get something more than what it is getting at the time from these Mining Companies. There are no two opinions about it. From the year 1947 every one of us has been called upon to bear every sacrifice with great fortitude starting from the poor man with a bare loin cloth on him, because we tax him also indirectly in many respects. He is bearing it willingly. Only yesterday we discussed the Agricultural Income-tax measure. I would ask a question: If the Kolar Gold Field Mining Companies, under the pretext of increased expenditure, say the industry cannot bear this, how can any one of us bear the taxation measures in this country? Is it not expected of them being one of us? I would plead with them to make a common cause with the other citizens of the State and to give as much funds as they are capable of. This 10 per cent or 20 per cent or 30 per cent is a flea bite for them; only what is required is the will to help the Government.

If it is possible to think of any other arrangement that we should have, in my humble opinion, it should only be by way of legislation, and it would be better in the interests of this country, and it is better in the interests of the companies themselves that legislative measure alone should guide the kind of relationship that should exist between this Government as the owner of the mines and those that operate the mines. From 1947, we have taxed our people on quite a number of occasions. Why? I cannot dispute why we have done it. We have levied taxes for purposes of huge developmental works. The First Five Year Plan requires 46 crores of rupees, the Second Five Year Plan requires Rs. 100 crores of expenditure. And what is more, in 1949 when the Gold Duty was introduced, I find, our legislators said we have to build new roads, new educational institutions. I believe Sri Chandrasekhariah suggested that all this money should go for primary education. I also believe that

(SRI H. SIDDAVEERAPPA.)

what held good at the time when we demanded more money in the year 1940 from them still holds good today, if not better. What is more, I find from the indication of the several reports and the proceedings in 1949 when the Gold Duty was abolished, it is seen from the speech of one of the Hon'ble Members, Mr. L. S. Venkaji Rao, who stated that this royalty could be easily increased to 10 per cent. Some member interrupted and said,--'It is quite possible.' This we find in the proceedings of 7th July 1949. I implore with the Mining authorities. This Report has been placed before this House not in any other spirit except in a spirit of helpfulness, so that they may also see eye to eye that we are interested in seeing that the industry continues. If there are other alternatives it would be for the Hon'ble Members to suggest. I for one would believe that if Indians make up their minds, if this country makes up its mind, it would not be difficult for us to work on our own soil. I have no doubt about it. I thank you Sir, for the very kind and patient hearing you gave and I thank the House also.

MR. SPEAKER.—Motion moved:

"That the Report of the Committee constituted to examine the working of the Agreement of 1949 between the Government and the Kolar Gold Field Mining Companies and allied matters, be taken into consideation."

SRI J. MOHAMED IMAM.—Sir, I have heard with great interest the lucid and exhaustive speech of the Minister on the Report of the Committee. I must thank him for the immense pains he has taken in placing before this House the various facts and figures.

I may state at the outset, Sir, that I am in complete agreement with him and with his findings and also with the Report of the Committee of which I was a member. Sir, I am one of those who have been bemoaning the loss of a substantial revenue which resulted as a result of the abolition of the Gold Duty in the fateful year 1949. The Hon'ble Members may remember that on every occasion that presented itself to me, I have been expressing with great regret the great injustice done to the State as a result of the abolition of the Gold Duty and I have also pointed out any number of times that the financial stringency in the State commenced after we lost this fruitful and substantial source of revenue. I am glad, Sir, that the present Government and the Chief Minister having recognised the crisis and the critical state of the finances, appointed a Committee to go into the question of the working of the Agreement that was entered into and I am glad that a detailed report has been prepared and placed before this House for further action. Sir, the most important point is this: How has the new Agreement, which was substituted in place of the Gold Duty Act, worked, how far has it proved beneficial to the State or how far has it affected the interests of the State? Sir, to examine this aspect, it is necessary to find out under what circumstances the Gold duty was introduced and subsequently under what circumstances the Gold Duty Relief Bill was introduced in this House, and again under what circumstances the Gold Duty itself was abolished, and the circumstances under which the new agreement Act came into force. Roughly I divide the history of Gold Mining into four periods, the period from the commencement of the operation up to the year 1939. Then the second period is from 1940 to 1945, the period during which adequate relief was given to the Mining Companies and then the period from 1945 to 1949, the period during which substantial relief was given and then 1949 to 1955, the period of the present agreement and how it has helped.

Sir, the present management is under Messrs. John Taylor & Sons. They commenced operation of the Company in the year 1886. We are thankful to them for having worked out the mines, for having developed the mines and for having taken out of the country millions of ounces of gold leaving nothing in the State. At the same time the Mining Companies should be grateful to the previous Governments, the

ysore Government and successive vernments for having enabled them take out of the country millions of nces of gold and for having enabled em, though with a small capital of . 2 crores, to make huge profits and get a return of 50 to 60 times. Sir, you look to the statement I, you will t find in page 66 of the Report, the vidends they have reaped from the ar 1886 till the year 1939. or 20 years their dividend is ore than hundred per cent. rom the year 1886 to 1895 it is 25 er cent to 75 per cent. From the ear 1896 till 1917 or 1918 it is more han 120 per cent rising up to 160 per ent. And then from the year 1918 ll the year 1943, it is more than 25 er cent. So, they have made huge rofits and nearly 40 to 50 times their vestment was got back by them, nd for all these things, they must be rateful to all those Governments. Sri . C. Dasappa, when he sponsored the bolition of Gold Duty Bill, has given gures which are as follows :—

> "Gold produced to the end of 1947 was £11,43,27000. The total dividend paid was £2,74,00,000. Nearly 30 to 40 crores of rupees has been taken away as dividend and for 20 years the dividend was almost equal to their investments."

Till the year 1939, they had unlimit-d powers and they had the entire reedom to adjust their profits as they leased. My Hon'ble friend Sri heemappa Naik raised a question as o what those Governments were oing, why were they keeping quiet nd why did they not have their ortion of this huge income. At that ime the circumstances were quite iffierent and we were under the ritish Government. There was a esident here and for anything we id, for any of our interference they sed to influence the Viceroy or the esident here. I think, even when the old Duty was imposed in the year 940, I am sure the local Government ad a good deal of trouble. It required reat courage and zeal and great onviction on the part of the then Government to push through the Bill and levy the duty.

Sri A. BHEEMAPPA NAIK.—The Gold Duty was in vogue all over the world. There was therefore not much difficulty in pushing through the Bill.

Sri J. MOHAMED IMAM.—The Gold Duty Act was not in vogue all over the world prior to 1939. So, Sir, these Companies were making unlimited profits. There was the outbreak of War in the year 1939 and along with the War the prices of various commodities also went up. The Company people thought that they would very soon reap very high benefits. They thought that War would make the prices of gold soar up and again the old period of getting more than 100 per cent dividends would repeat itself. But unfortunately for them, the then Government interfered and levied this Gold Duty. It is reported, Sir, at that time, not only the Mysore Government but also the Government of South Africa and various other Governments also followed suit and on account of abnormal rise in the selling price of the gold, it was thought that this adventitious revenue should not go to the Company, but most of it should go to the Government. So, in the year 1940, the legislative measure was introduced in the Legislative Council of which I was a member. It is my good fortune or misfortune, that I am associated with the Gold Duty ever-since it was levied. I was a member of the Legislative Council when the Gold Duty Bill was introduced; I was a member of the Legislative Council when the Gold Duty Relief Bill was introduced, and again I was a member of the Legislature when the Gold Duty was abolished.

Sri T. MARIAPPA.—Who was the Minister when the Gold Duty Relief Bill was passed?

Sri J. MOHAMED IMAM.—I think Sri Srinivasan was the Minister.

Sri A. BHEEMAPPA NAIK.—What a coincidence it is, he is Chairman of that Company today!

Sri J. MOHAMED IMAM.—I was also associated with the administration when these people were approaching the then Government. But I am not going

(SRI J. MOHAMED IMAM.)

into the question as to what happened when I was associated with the administration. But when this Gold Duty was levied, it blasted all their hopes to make huge profits. They were very affectionate with the Government of the day and they were behaving in a very fine manner with the Government, but after the levy of the Gold Duty, I think, their troubles began; they began their agitations on the ground that they were denied the opportunity of making huge profits. For the first two or three years, they were not very insistent. Afterwards they approached the Government and said that their financial position was not sound. The then Government resisted their claim, but afterwards, as a sort of encouragement, gave an *ex gratia* grant of Rs. 13 lakhs to those Mining Companies on condition that the entire amount must be devoted towards the development and exploratory work. That was the understanding; otherwise they would not be entitled to any *ex gratia* grant. From the year 1944-45, the Mining Companies got an *ex gratia* grant ranging from Rs. 13 lakhs to 20 lakhs for 3 years.

4-30 P.M.

I may also state, Sir, that the entire grant had to be utilised for development work. But, it has been said somewhere that a part of this money was diverted towards other expenditure. What was given for development works was not utilised for that purpose. In the year 1945 when I ceased to be the member of the Legislature, to legalise the relief given, an amending Bill to the Gold Duty Act was introduced empowering the Government to give relief to the Mining Companies to the extent of 50 per cent of the Gold Duty collected. Sir, when this amending Bill was introduced in the Legislative Council, there was a good deal of protest and opposition from many Hon'ble Members of the Legislative Council to the effect that no relief should be given to the Mining Companies and they did not deserve it. The opposition was led by our ex-Chief Minister Sri K. C. Reddy and also by Sri T. Mariappa. I may also state that I supported that measure; I was one of those that supported the Relief Bill to a certain extent.

Sir, I may be permitted to read the releveant portions of the speech made by Sri K. C. Reddy on that occasion, which will clear matters a good deal and which will throw a good deal of light on the working of the Mining Campanies :—

> "No doubt we congratulate ourselves and we feel glad that the State is earning so much income from the industry. At the same time, I would like to tell the obverse of the situation. The capital invested on these Gold Mining Companies in the beginning was in the neighbourhood of Rs. 2 crores. The Hon'ble Member Mr. Taylor has, however, told us today that the market value of the share capital is about four crores and odd. Sir, if we keep in our mind the resources of our State, this is a very small capital indeed and it was possible for the State to have taken up this industry and reaped the entire benefits accruing from the same. I am tempted to quote from Dadabhai Navroji who wrote to the head of the administration in those days, Sir K. Seshadri Iyer, to this effect:
>
> 'With regard to the Gold Mines or the Mineral resources of Mysore, I hope the Mysore State itself, or the Mysore people, would work them and keep for themselves the wealth that Nature has given to them, instead of allowing foreign people to take it away leaving only a small royalty to the State and only labourer's wages to the people. . . . I go even so far that Mysore should strain every nerve to prepare her own subjects to carry on the administration.'

Sir, the first portion of Dadabhai Navroji's speech is relevant to us during this debate. Let us, for a brief moment run through the figures regarding the profit that has been derived by these Companies during the last 50 years and odd. As I said, the capital they have

ıvested has been in the neighbourhood f Rs. 2 or 3 crores. So far as Mysore lines is concerned, 50 times their ıvestment has been earned by that ompany; the Champion Reef Mines 64 imes, the Oorgaum Mines 41 times nd the Nandydroog Mines 60 times heir investment. In all, about 112 to 20 crores have been earned by these lining Companies. My friend Sri Iahomed Abbas Khan was very ubilant that the Government had arned a few crores from these Mines.

I quote from the Proceedings:

"Sri MAHOMED ABBAS KHAN.—Let us not be jealous. They have earned the profits.

Sri K. CHENGALARAYA REDDY.—Well, I am zealous of the interests of the State; I am zealous of the welfare of the people of Mysore and I am zealous that every pie that could be earned in the Mysore State should go to the people of Mysore. Indeed, every one must be zealous of such a kind of a thing.

Sir, if we take the dividends only the answer that has been given today to an interpellation is very revealing indeed. They have declared a dividend, so far as the Mysore Mines is concerned ranging generally from 20 per cent to 50, 140 and 150 per cent. Such enormous dividends have been declared by that Company. So far as the Champion Reef Mine is concerned, it has declared dividends up to 165 per cent per annum.

Sri B. S. RAGHAVENDRA RAO.—I think the total dividends are given in money also.

Sri K. CHENGALARAYA REDDY.—No, I am referring to rate per cent. The rates of dividend are so unbelievably high that the Hon'ble the Financial Secretary is confusing it with the amount of money.

Sri Belur SRINIVASA IYENGAR.—Perhaps such fabulous rates do not obtain even in South Africa!

Sri K. CHENGALARAYA REDDY.—As I was saying, the Champion Reef Mine has declared dividends up to 165 per cent. It is the rate of dividend and not the amount of dividend. In the Oorgaum Mine, the same story. They have gone up to 62½ per cent for preferential shares. The Nandydroog Mine has declared up to 85 per cent. These are the fabulous dividends that the mining companies have been declaring during the period they have been operating these mines. As I said, about 60 times the investment they have made on these companies have been earned by them. I can give figures to substantiate that statement but I have no time.

So far as the dividends are concerned, till now about Rs. 35 crores have been distributed in England for the shares held in these mining companies. Well Sir, this is a point which we have seriously to take note of.

Let me go to the reserves. So far as the reserves are concerned, they have got very substantial reserves. At the end of 1939, the Mysore Mine had a reserve of £ 1,43,198, the Champion Mines £ 76,784 and the Nandydroog Mines £ 1,47,500. Sir, this is the story about these mines. The capital investment is in the neighbourhood of Rs. 3 crores, the amount earned is in the neighbourhood of 120 crores, the dividend amount comes to Rs. 35 crores and so far as the reserves go, they had substantial amounts at their credit in 1939. Sir, this is a matter over which every son of Mysore should grieve instead of being happy."

Sir, before I proceed further, I want to state one fact. Considering what is happening in other countries, this Gold Duty, apart from bringing a few crores of rupees to us, has not improved our economic structure, it has not improved the lot of the common man and whatever amount we got, has been spent away. Sir, just at the time when

(SRI J. MOHAMED IMAM.)

English people came over to India to prospect these mines, there was a movement in England, what is called the 'Gold Rush'. Many people came to India, many of them went to South Africa, some of them went to America to work the gold mines. One such expedition went to California where they worked very big mines. The Government of the United States took advantage of the working of the gold mines and they began to build up the gold reserves. They did not allow all that gold to be pilfered away. Gold has been a commodity that has always been conserved by every important country in order to establish equilibrium and stability of the currency of the country. So, they controlled the prices and all the gold that was available was controlled and conserved into what we would call gold reserves. I have got information, Sir, that their gold reserves amount to 2,500 million dollars. Similarly, England has its gold reserves. So also, France. Gold reserve has been built up by them to maintain stable currency in their States, as also the economic development. Trade and commerce depend a good deal on their gold reserves. Unfortunately although there was a gold mine in this State, the rulers of the country were not Indians but Britishers; they did not think of conserving that gold for our own use either in the present or in future. It as allowed to be carried away to foreign countries to enrich other people and it has not in the least helped Indians and much less the people of Mysore.

Sir, I was speaking about the Gold Bill. That Bill was passed during that year and by virtue of that Amending Bill, the State undertook to give back to the Companies 50 per cent of the duty it collected. So, for the next three years, all the companies got substantial relief. The relief given in each year ranged from 60 lakhs to 91 lakhs. It is not a small amount and they got back substantial sums of money by way of relief.

Sir, I want to point out that it was during this relief period that the price of gold ruled very high. If Hon'ble Members refer to page 75 they will find from Statement No. VI in the first column, the prices of gold during the successive years.

1939	it was 103	per ounce.
1940	113	do
1945	190	this was the year in which relief was given
1945	... ...	203
1946	... ...	260
1947	... ...	286
1948	... ...	302
1949	... ...	306

Sir, 1949 was the year in which Gold Duty was abolished when the price of Gold was the highest. Now as the Hon'ble Minister says, it is about 250. During these three years, substantial amounts were given by way of relief and the reasons advanced were that the relief was necessary to maintain longevity of the mines, to work low grade ore and do development works. If you go through the proceedings, these amounts were given to them only to do development works to work the low grade ore and to promote the longevity of the mines. But we find that the entire grant was not utilised for development work and no exploratory work was done. A part of the money was diverted towards the increases in expenditure towards staff and covenanted staff. The Government were getting a revenue of 60 to 80 lakhs after providing for relief. Then the Responsible Government came in; not exactly Responsible Government but Sir A. Ramaswamy Mudaliar the famous statesman became the Dewan under a system of Responsible Government with Sri K. C. Reddy as the Chief Minister. Sri H. C. Dasappa was the Finance Minister. One day we were taken by surprise when we read that the Gold Duty was going to be abolished. That was the first information, which we could not believe. I wondered within myself: 'Would not the Government stand to lose a substantial revenue?'' And I thought that they would not take such a step without at least enquiring and consulting the Legislature. We also thought that the then Chief Minister Sri K. C. Reddy

and others who vehemently opposed even relief being given to Mining Companies in the year 1945, would not accept the idea and they would not be a party to the abolition of this Gold Duty. But Sir, afterwards, we found to our dismay, Government did bring up a Bill seeking the abolition of the Gold Duty. When it was revealed that the agreement had already been arrived at between the Mining Company and Government and Sri Dasappa disclosed in his statement that when he went to England he met Sir A. Ramaswamy Mudaliar and representatives of the Mining Companies also and there they had discussed and entered into an agreement to abolish Gold Duty. . . .

Sri T. MARIAPPA.—It is not so.

Sri J. MOHAMED IMAM.—I will quote his speech from the proceedings of the Legislative Council dated 7th July 1949.

> "Then again, a delegation came down to India somewhere in September or October 1948. We had again protracted discussion and then when the Dewan and I were in London, we had certain discussions in more than one sitting. . . ."

The agreement was entered into by the Company long before it was placed before the Legislature. The agreement was entered, as you can see from the date here, in February 1949, and the Agreement between the Mining Company and the Government was complete and it was placed for ratification before the Assembly in the month of July 1949. By that time they had committed themselves. I was an unfortunate member of the Gold Duty Committee. I had opposed this repeal very vehemently in the year 1949. The reasons advanced by the Minister who piloted the Bill were three-fold. Again, the same old reasons. He said that the Gold Duty had to be abolished to enable the Company to work low grade ore, to maintain the longevity of the mines and to see that the development work is done.

Sri A. BHEEMAPPA NAIK.—And Indianisation also.

Sri J. MOHAMED IMAM.—Many members now may feel surprised that the Agreement has not brought any revenue. Anyhow it is no surprise to me and I would like to read if I am not tiring the patience of the House, a few remarks: I pointed out at that time that it was bringing a substantial portion of revenue and I appealed to the Minister not to be in haste. I appealed to him to collect facts and figures and also to consult experts and to take legal opinion and not to be in a hurry. This is what I have said at that time (*vide* page 29 of the proceedings):

> "The present Gold Duty Bill and its operations have been extended for the last ten years and one day we find or rather we read in papers that the Government have made up their mind to repeal the Gold Duty Bill and substitute some other measure in its place. What I would like to know is this: before coming to this conclusion, did they make any enquiries? Did they consult any experts? What is their data to say that this measure is not working? What are their reasons for taking such a sudden change of attitude? When did they consult? Did they consult experts? I have heard the argument of Sri K. Chengalaraya Reddy, the then Leader of the Opposition, who opposed the introduction of the amendment of the Gold Duty Bill. He said that whatever the gold mining companies were getting was rather an unearned income or an undeserved income which they should not get and that was the only reason why he opposed it and not on any other principle. He was very particular at that time that the Government should not lose this revenue and for the same reason, he wanted that Legislation should be resorted to and this House should be consulted before any relief was given. He was so particular about the revenue, and he was against the curtailment of revenue and to-day

(SRI J. MOHAMED IMAM.)

when he is prepared to give up the entire revenue, it takes us by surprise.

Sri H. C. DASAPPA.—Who says he is prepared to give up the entire revenue ?

Sri J. MOHAMED IMAM.—The Chief Minister.

Sri H. C. DASAPPA.—He never said that. He wants to replace it by a more rational agreement.

Sri J. MOHAMED IMAM.—The present Bill has got the effect of depriving the Government of major portion of the revenue.

Sri K. CHENGALARAYA REDDY.—The Hon'ble Member should look beyond his nose. . . ''

I think I can claim that I did look beyond my nose.

Sri K. HANUMANTHAIYA.—I never thought that your nose was so long !

Sri J. MOHAMED IMAM.—Again in his reply to what I have said, Sri Dasappa said :

"And I must say at the very outset that the Government have gone about their task with a great deal of seriousness and have given a great deal of attention to this subject. I would like to finish off my Hon'ble friend the Leader of the Opposition first. . . .

Sri J. MOHAMED IMAM.—Don't finish me off !.''

Sri Dasappa further says :

"Another very important statement made by no less a person than the Hon'ble the Leader of the Opposition was that we are losing all the revenue. I had occasion to refer to what is known as *Supressio veri* is a more insidious way of misleading the people or taking them to a wrong path than even *Suggestio falsi*. When an Hon'ble Member like Janab Mohamed Imam makes a statement that we are losing a revenue, it generally gives a very wrong impression to the public outside. Then it may not be that they are inclined to study the finer shades of the whole thing. I have made it amply clear and I have given the whole statement that the net disadvantage, if it can be called a disadvantage, is about Rs. 30 lakhs and in the long run we are assured of a definite income. When that is the position I for my part can never understand the statement made by the Hon'ble Member Janab Mohamed Imam that we are losing the revenue. On the other hand, Government have safeguarded revenue and I have made it clear that that difference is not a thing which will be devoted to swell up the dividends of the Companies. . . .''

At that time we all pointed out that the change over to new agreement would not result in any substantial revenue to the State and this has proved to be true. The then Government was led by unsound advice, not posted with necessary facts and figures and were in haste and I must state that they trusted the Company people too much. They thought that the Company management would behave like gentlemen and trusted them as such. The Government which went to their rescue, which wanted to help them to maintain the longevity of the mines, find that they have been let down and even betrayed. Because all the arguments and facts which I read from the speeches of Sri Chengalaraya Reddy and Sri Dasappa—I am sure—were supplied by the Mining Company people. It is on the basis of the information and figures given by the Mining Company people that Sri Dasappa and Sri Chengalaraya Reddy held out substantial promises to review. It was the Mining Companies, I am quite sure, that made them believe that the new Agreement would result in a substantial revenue of over Rs. 30 lakhs or would result in a net disadvantage of Rs. 30 lakhs. It was

the Mining Companies that advised the then Government that the new Agreement would result in Indianisation and would bring an assured income. But now I find that the Government was misled by the Mining Companies. I will give an example. There is much controversy regarding the 15 per cent of the revenue to be set apart for the developmental work. The Agreement provides up to 15 per cent whereas if we refer to the speech of Sri Dasappa, he has definitely stated in his speech that it is 15 per cent that has to be spent. He definitely stated in two places that the Mining Companies have agreed to spend 15 per cent of income and not up to 50 per cent. Their mistake was that the new Agreement that was entered into was not properly scrutinised. I do not think that they took any legal opinion. They were in a hurry to give them substantial relief and on account of their indifference or negligence or on account of their having trusted the Company too much, they have landed themselves in trouble and they deprived the country of the major sources of revenue and we find ourselves in a quandry. We were getting on an average Rs. one crore every year. We lost it with one stroke of the pen. That is responsible for the present huge deficit of Rs. 4½ crores, and this deficit has been loading the people with extra taxation. You can ask, how the abolition of Gold Duty has reacted on the people. I have explained under what circumstances the new Agreement was entered into. Regarding the new Agreement that has been entered into, I have already said it is the most ill-conceived Agreement which has worked to the prejudice of the State. It is an undisputed fact that this new Agreement has entirely deprived the State of its revenue. Nobody can deny this. In spite of the promises and assurances of the then Government, it has resulted in depriving the State of its revenue. This cannot be denied. Now I say that for the poor and pitiable position this new Agreement is entirely responsible. There are two ways of looking at an agreement. There is the legal obligation and looking at it from the principle. It looks as if the entire Agreement was drawn and drafted by the representatives or the legal representative of the Mining Company itself. By looking at the wordings contained in the Agreement, I am positive that the entire Agreement must have been drafted by the representatives of the Mining Company. The Government must have been indifferent. Otherwise, it would not have been such a one-side affair. There are such loop-holes that even a man in the street can find out, for example, regarding the working expenditure, which provides that the working expenditure shall be kept down and there shall be economy as far as possiple and regarding the assets we just find that assets within the State of Mysore alone shall be transferred to the Rupee Company. If they had consulted an ordinary lawyer, he would have pointed out all these difficulties. The entire Agreement has been drafted by the Company and they are responsible for it as our people trusted them too much. That is why we are in this trouble now. Let me take the clauses of this Agreement one by one and see how far the Mining Companies have discharged the moral obligation, leave alone the legal obligation. I said it was a gentleman's understanding between the then Government and the Mining Company. The Mining Company through the Government gave an assurance to the people that they would maintain the State's income by more than Rs. 30 lakhs; they gave an assurance that they would maintain the longevity of the mine; they gave an assurance that they would keep down the expenditure as far as possible. They gave an assurance that they would reduce expenditure and maintain economy so that the Government would annually get some surplus. Now, I would like to know if the Mining Companies have honoured these obligations. For example, Sri Dasappa made much of the fact that the whole Sterling Company is going to be Indianised. He said: "They are till now Sterling Company and it was only managed by Britishers; now it is going to be Indianised and the seat of

(SRI J. MOHAMED IMAM.)

the Company will be going to be in Mysore . . . ."

5 P.M.

Sri T. MARIAPPA.—It was said that Mysore Company would be formed into a Rupee Company.

Sri J. MOHAMED IMAM.—He said that it was the first step towards Indianisation and nationalisation. Now, Sir, he said, the Rupee Company was formed for this purpose. I was a member of the Council at that time and we all thought at that time that they would float a new Company. throw open the shares in the market; they would issue a prospectus and they would allow Mysoreans and Indians to purchase the shares. In fact that ought to have been the procedure. They called it a new Company and registered it with the Registrar of Joint Stock Companies. They should have issued a prospectus and they must have thrown open the shares in the market and invited shares from the public. Most of us would have purchased the shares and the Government also would have purchased the shares. But what is it they did? It was a conversion of Sterling Company to a Rupee Company to their own advantage, and it was to their interest that these Rupee Companies were formed; what they did was that the same people called themselves Rupee shareholders and became a subsidiary Company of the Sterling Company. This was done with two objects; firstly to see that they escaped from income-tax which was payable in the United Kingdom which was to their advantage. The Government did not get any revenue or surplus and this is how it was done: they kept liquid assets for themselves, assets which were worth many lakhs of pounds, and transferred only the liabilities to the Rupee Company. I am sure they never disclosed to the then Government that there were assets of the Company in the United Kingdom. Because when Sri L. Siddappa put a question as to what were the assets of the Company in England, Sri H. C. Dasappa replied that there was nothing but chairs and tables. It was quite clear that they concealed from the Government about the existence of assets in London. This is what is said on page 388 of the Representative Assembly Proceedings of the year 1949.

"ಶ್ರೀ ಟಿ. ಸಿದ್ದಪ್ಪ.—ಮೂರನೆಯ ಪುಟದಲ್ಲಿ ಹೀಗೆ ಹೇಳಿದೆ :

"After the said Gold Duty Act has been repealed and not later than the 31st December 1950, each of the Companies will respectively incorporate in the State of Mysore a public Company with limited liability to take over its undertaking and assets situate in the State of Mysore."

ಅವರಿಗೆ ಯುನೈಟೆಡ್ ಕಿಂಗ್‌ಡಂನಲ್ಲಿ ಅಸೆಟ್ಸ್ ಇದೆಯೇ ? ಇದ್ದರೆ ಅದರ ಬೆಲೆಯೇನು ?

ಶ್ರೀ ಎಚ್. ಸಿ. ದಾಸಪ್ಪ.—ಇದ್ದರೆ, ಮೇಜು, ಕುರ್ಚಿ, ಬೆಂಚ್ ಮುಂತಾದ ಸಾಮಾನುಗಳಿರಬೇಕು, ಅಷ್ಟೆ.

"If there be any, they may be a few Tables, Chairs, and Benches, etc. That is all."

On the other hand, we find on page 83 of the Report :

Mysore Mines	...	£ 1,89,047
Champion Reef	...	£ 1,87,919
Nundydroog	...	£ 1,71,624
Ooregaum	...	£ 1,00,740

Why was this deliberate statement made? I am sure Sri Dasappa, was not aware of the existence of assets of the Mining Companies in London; they did not disclose these things; Sri Dasappa relied entirely on these figures given by the Mining Companies, and must have been under the impression that all the assets of the Companies were in the State of Mysore and not beyond that.

Sri A. BHEEMAPPA NAIK.—Even after the question was put in the House whether there were any assets in London or not, there was no attempt to investigate it.

Sri J. MOHAMED IMAM.—Or when he went to England, he must have found it. This is a clean violation of the Agreement legally. At least this is a trick played on the Government by the Companies. If those assets

also had been transferred to the Rupee Company, then the Rupee Company would have derived more income and since they would have derived more income. the Government would have derived an adequate income from the surplus. It is just to see that the Government did not derive that income they did retain the assets in England. The shareholders of the Rupee Company and the Sterling Company are one and the same and the management is the same; technically there is a change. The formation of the Rupee Company gave them a chance to conceal their assets in the United Kingdom and to transfer their liabilities to the Rupee Company. They said: "You take a loan and deduct it out of the income." So, this is greatly responsible for the depletion of the revenue. This is greatly responsible in bringing down the income to the Government. Is this a gentleman's agreement? Were all the facts disclosed?

Sri A. BHEEMAPPA NAIK. Was not the balance-sheet then looked into? Did not the balance-sheet reveal all these assets both here and in the United Kingdom?

Sri J. MOHAMED IMAM.—It is beyond my comphension to say that. Perhaps Sri T. Mariappa may enlighten us on that point because he was in the Government then. Sir, this was one of the steps taken by them deliberately, a cool and calculated manoeuvre, to see that the income that would otherwise accrue to the Government was brought down, and diverted to their own expenditures. It has also been stated in the Report as to how they inflated the liability including the pension liability. While they took away all the assets, the pension liability of the previous years amounting to Rs. 40,50,000 has been charged to the Rupee Company; this should have been debited to the Sterling Company. They did all this so that the Government did not get anything.

Then, Sir, there are two kinds of expenditure, expenditure to be met out of revenue and out of capital. If these assets and funds were available for the Rupee Company, they would have met at least part of the expenditure out of the assets. They had no assets and necessarily they had to meet the expenditure out of the normal income. When it is met out of the normal income, how can we expect any surplus revenue? So, this change over to the Rupee Company was to the advantage of the Mining Company and to the disadvantage of the people of Mysore. Sir, I am not bothered about the labourers. They get what they deserve. But, regarding the superior staff, the covenanted staff, the expenditure has increased by more than 50 per cent. You will find in Statement 13-A that the expenditure in the year 1945 was 5·63 lakhs for these covenanted officers; in 1952 it has gone up to 15 lakhs. In Champion Reef, in the year 1949 it was 8.37 lakhs; in 1952 it was 12·70 lakhs. For monthly and daily rated staff it has increased from 38·37 lakhs in 1949 to 61·70 lakhs in 1952. Sir, the Hon'ble Minister just now said what reaction it had on the labourers. If the expenditure incurred on the covenanted staff was not raised to this height, the labourers would not have demanded more. Because they saw the income of covenanted staff increased, they thought to take their chance and demand more. That is how the expenditure went up.

Sir, regarding the pension, it is a direct violation of the Agreement. In the Agreement it is specifically said that only Provident Fund is to be deducted, and out of gross revenue. I may state here, Sir, that every covenanted officer gets not only Provident Fund but also the present benefit of the pension. In Government service, no officer has the benefit of both the Provident Fund and the pension. When I was the Minister for Electricity, there was the system of Provident Fund in the department. The employees wanted the benefit of pension. Government said, if they wanted the pension scheme, they must surrender the Provident Fund. And here, they have both the advantages which is unheard of. They say that it was

(SRI J. MOHAMED IMAM.)

necessary to keep them contented. While those people were quite contented ever since the Company was started, did they all of a sudden become discontented soon after the Gold Duty was abolished? What is more, 40 lakhs of rupees which ought to have been charged to the capital assets, have been charged to the normal revenue and to that extent they have deprived us of the income.

About the development works, the Minister has explained how the Companies failed in carrying out the development works in accordance with the terms of the agreement. Sir, I have no hesitation to say that they have violated the terms of agreement in many ways. They have not discharged the moral obligations at least. That Agreement was purely one sided and drafted to the disadvantage of the Government and they have taken full advantage of it and are doing their best to see that Government is denied of all their benefits. Sir, I am very much surprised at their behaviour. When I was in Office, I used to meet these mining people often. They used to approach Government day and night. In those days, if I wanted to see Mr. Sydney Taylor he would come all the way from London and at the slightest wish would be at the door of Public Offices, because we had control over them through Gold Duty. But, what is their attitude now? They have been behaving like disgruntled and desperate politicians. Some of the words they have used not only against the members of the Committee but also against the Government are such that they should not go unchallenged. First of all, they have disputed the right of the Government to constitute the Committee. Sir, this Committee was constituted by Government just to study as to how far this Agreement has proved beneficial to the Government, how far it had proved advantageous to the Government and to satisfy itself by studying the facts and figures which were supplied from their own Director and their own Auditor.

Sir, when I think of the Director and the Auditor I must mention that according to the agreement, the Director and the Auditor ought to have been appointed at once. But, somehow or other, the previous Government never took steps to do this. It was after two years that the Director and the Auditor were appointed. This was a gross and colossal negligence on the part of the Government. During that period, the Company did what all they wanted. It was during that period that all this mischief was done. It was during that period that this Provident Fund and Pension Scheme was introduced. This is a thing for which I can never excuse that Government. The Mining people were very happy for this delay in appointing the Director and the Auditor because there was nobody to check them. In the end when they were asked as to why they introduced this scheme of Provident Fund and the Pension, they said that late Mr. Ramakrishna,—(for whom I have great reverence)—gave his consent to this. Sir, it was not a business between Mr. Ramakrishna and the Company. It was a matter between the Company and the Government of Mysore. When they incurred major items of expenditure, particularly pension, they ought to have written to Government and obtained the assent of the Government.

I was just speaking about the constitution of these Committees. The Mining Companies stated that they had no representation on the Committee constituted by the Government. It is for the Government to satisfy itself whether the Agreement had been properly worked or not and if the Government had felt that the Agreement had been working satisfactorily, Government would have thought as to the steps to be taken. It is the duty of the Mining people to appear before this Committee and place whatever facts they required. They claimed that their representative ought to have been on the Committee. What would have been the result? There would have been a deadlock. Would any person believe that a mining representative would agree to all these recommendations? We stated that the introduction of

Pension Fund was against the Terms of Agreement, and that the Company should have obtained permission of the Government for creation of such a fund. They knew that it was not in accordance with the Terms of Agreement and it was to their advantage. It was their duty, when they were summoned, to appear before this Committee and discuss matters. But they have adopted a policy of recalcitrant attitude. The mining people refused to appear before the Committee. I may compare the present attitude of the Company, with their attitude when the Gold Duty was in existence. I have stated, by the abolition of the Gold Duty, the Government would lose hold on the Mining Company, they would get out of our control and we would not have any hold on them. Now I do not like the attitude they have adopted towards the Committee. They have accused the members of the Committee, that all of them are Government nominees and that many of them lack impartiality. These are very strong words which I must condemn. They almost seem to suggest that we are only reflecting the announcement made by the Chief Minister and the Home Minister. This is what you call very low politics, mischievous politics. Do they mean that I am guided by the Chief Minister or the Home Minister? I am guided by my own conscience; so also the other members of this Committee. And to accuse them that, as the nominees of Government, they have not exercised their own discretion, is to be resented and is not at all complimentary to the mining people who claim that they belong to a great nation. It is said, we lack in impartiality—as stated at page 34, Chapter XI in their pamphlet published by them. Who are these people to say we lack in impartiality? This is not in consonance with their prestige.

Sri A. BHEEMAPPA NAIK.—Lack in impartiality, is only an observation.

Sri J. MOHAMED IMAM.—Whatever it may be, to state that because we are nominees of Government we are not exercising our independent judgment, is a thing to which I cannot reconcile myself. It is unfortunate that this subject 'Gold Mining' has become a concurrent subject. It is partly controlled by the Centre and partly by the Government of Mysore, and this dual control has given room for the Companies not only to play one Government against the other but also to disregard the State Government. We often find that when the representative of the Mysore Government makes any announcement or when the Chief Minister makes any announcement, it is not uncommon that their representatives go to Delhi and work against the State Government. They observed in their concluding portion as follows (Chapter XI).

> "At or about the time the Committee was appointed and before it commenced its work, statements were made by Hon'ble Ministers in the State Legislature and to the press declaring the Government's views on the very subjects referred to the Committee. The Committee's findings and conclusions bear a close resemblance to these earlier statements of the Hon'ble Ministers. It is hard to assume that the work of the Committee was unprejudiced by such statements."

They have thought that all the members of this Committee are the pawns of the Chief Minister. They have observed "It is hard to assume that the work of the Committee was unprejudiced by such statements." This is thoroughly uncalled for and ungentlemanly I must say.

Now, mining having become a concurrent subject, this dual control has given occasion to the Mining Company to play one Government against the other.

Sri H. SIDDAVEERAPPA.—May I make a humble suggestion, at no time the Government of India have played into their hands and I would request the Hon'ble Member to eschew reference to the Central Government. They have got an open mind in this respect.

Sri J. MOHAMED IMAM.—I am just referring to the advantage taken by the Mining Company. I am not casting any reflections upon the Central Government. I stated, they try to prejudice one Government against the other, and I will not be wrong if I state that without knowing the integrity and worth of the members of this House, they attempted to take members of the House to Kolar Gold Field and tried to influence them.

Sri K. HANUMANTHAIYA (Chief Minister).—Through one of their contractors.

Sri J. MOHAMED IMAM.—So all this, they are trying to play one against the other. After all it is in accordance with the tradition of the Englishman. How did the Englishman conquer India? It is by playing one State against the other. They conquerred Tippu Sultan by dividing the Mahrattas and the Mysore people. They want to adopt similar principle here. They want to set up one group against the Mysore Government. This is nothing but a propaganda they are carrying on to projudice the cause of Mysore.

(*Interruption*).

Sri N. C. NAGIAH REDDY (Gauribidanur).—Have they said 'ungentlemanly' which you referred?

Sri A. BHEEMAPPA NAIK.—The Leader of the Opposition has stated that they have used all those terms and they took some of the members of the House to Kolar Gold Field.

Sri J. MOHAMED IMAM.—I stated that members of this House are people of character and integrity. I am condemning the attitude which they have adopted towards the members of the Committee. How they wanted to bring a division in this House!

5-30 P.M.

Now Sir, about the future. I do not mince matters. A stage has been reached when it is impossible hereafter to carry on the work with the Mining Companies smoothly. I have had enough experience of them. You may give them relief. You may even give them relief from royalty also but still they will come forward with the threatening attitude that they will work the high grade ore or close the mines if their demands are not conceded. So the future course is obvious and they know that their lease terminates after 10 to 15 years and knowing that the future is uncertain after the lease period, I am certain that during this period of 10 or 15 years, they will exhaust the mines and exploit all the gold. The gulf that has been created between the Government and the Mining Companies I think cannot be bridged. They have behaved in such a way that the Government—neither the present one nor the future—can ever place any trust in them, because the trust placed in them before has been abused. My only concern is about the future of the mines. I am not worried about the few lakhs of rupees that we may get now. What is worrying me is regarding the longevity and the future of the mines. I am quite confident that there is plenty of gold in that area and it can be worked for centuries. There are many secrets that they have maintained and which they have not divulged. I am not going to be cowed down by their threats. Let them close down the mines, I do not mind. Take it from me, if they were allowed to continue in the present state of affairs, they will work all the rich and high-grade ore and they will exhaust all the reserves, because they know that after 15 years, they may not be here. Now alone, you must take immediate and drastic action and that is towards nationalisation. Dadabhai Naoroji in those days with all his shrewdness, suggested that the mines should be worked by Mysoreans alone. Perhaps many of us feel nervous, perhaps many of us may think as to how to work these mines which is such a complicated affair. My own experience is that these people have cleverly made it appear that it is a complicated business. I am not afraid of it. I am quite confident about our own men and our own engineers. Let them quit, I am quite confident it can be worked by our own engineers and it is possible.

Sir, I am reminded on this occasion of the Iranian Oil Company which was owned and managed by Britishers and how they behaved towards the Government in Persia. When the Persian Government wanted to take over the industry, they brought about trouble in the country. They had reaped profits extending to millions of pounds. When the Persian Government wanted to nationalise the industry, there was good deal of trouble. At that time, I was in London and I used to attend the sittings of Parliament. Everyday, they used to make statements regarding the dispute between the Persian Government and the Company. They said that the working of the oil refineries was such a complicated affair that none but a Britisher could work it. At once the Italian and Swiss miners and experts came forward and said: 'Let them quit, we will work the mines."

Sri T. MARIAPPA.—Who is in charge of the oil refineries there now?

(*A Voice.*—The Anglo-Iranian Oil Company.)

Sri J. MOHAMED IMAM.—Here it will not be so bad as Mr. Mariappa imagines, because we have experienced men.

Sri T. MARIAPPA.—I wanted t suggest that it was not an appropriate analogy which Sri Imam was citing.

Sri K. HANUMANTHAIYA.—Sir, by way of explanation I would like to say that they were able to bring about a division between the people of the country and their leaders. I hope and I believe, I am confident that such a situation will not arise in this country.

Sri T. MARIAPPA.—It will not arise here. It is not a proper question. India is not in mediæval times as Persia is.

Sri J. MOHAMED IMAM.—So, Sir, I am confident that we can work out the mines. We have got the necessary trained personnel. Take the future of the mines into consideration. After all, it is we who are interested in the longevity of the mines and not the company people. After all the labourers are Indians and the low-paid staff are Indians. It is only the covenanted and the high-paid officers who are Europeans. We have acquired sufficient experience and in the interest of the future and longevity of the mines, this nationalisation is a thing which must be thought of at once. Even granting that we fail to work it ourselves, it does not matter; even if the mines are closed, we will have the satisfaction that our gold will remain in our country. It will be preserved and if we are unable to work it, posterity will work. The future generation will work it. If we continue to allow them to work, they are mostly businessmen, they are profiteers and they are interested only in taking as much wealth as they can to their country. It will not go to enrich our people, it will not go to improve the economic condition of our people, it will not go towards the improvement of the standard of living of our people. It is purely a question of exploitation for their benefit and the sooner we put an end to it the better it is.

Sir, I suggested in the beginning that we must build up our gold reserve, if not by the Mysore Government at least by the Government of India. Every country has built up a decent reserve—every important country has built up reserves. These reserves will improve the credit and the prestige of the State. I feel that the Government here must think of this seriously. They must control the price of gold and whatever gold is produced, I think it must be conserved inside the country.

Sir, I think I have taken enough time. I do not want to trespass too much on the indulgence shown to me by this Hon'ble House. I fully agree with the Hon'ble Minister for Home and I have given my reasons. I have also expressed what I feel. With these words, I heartily support the recommendations contained in the Report.

Sri K. PATTABHIRAMAN (Kolar).—Mr. Speaker, sir, at the very outset, I should like to congratulate and thank the Hon'ble Minister in charge for his elucidation of a very important matter. I call it important because it concerns the welfare and well-being of not only the people of Mysore; but in my humble opinion, it is also a matter that

(SRI K. PATTABHIRAMAN.)

concerns the welfare and well-being of India as a whole. In fact, I am one of those who felt that this question involved not merely a provincial or a State issue, but it was something more than that. In my view, it is not even a national issue; it is something beyond that; it is an international issue. As a matter of fact, from the speeches of the Hon'ble the Home Minister and the Hon'ble the Leader of the Opposition one thing is very clear and that is, that gold as such has got a certain international value all its own, considering the monetary policy and practice and the way in which commerce and trade has been carried on at least for the last few centuries throughout the world. We feel that the rôle that gold has played in the life of the community, in the economy of the nations as a whole, is a very important one. In fact, the capitalistic economy for some centuries past—its bedrock is gold. I am not making an exaggeration; it is a bare fact. Therefore, I want this House to consider this question not merely from a sectional point of view such as concerned only to Mysore, but it was something more. I was very happy when the Leader of the Opposition as also the Home Minister were making references, making a gesture as it were, a very welcome gesture that when the Government or any people consider this question, one cannot forget that there was a background against this. In fact, what particularly impressed me as the most solid and the most appropriate thing was a reference made by the Home Minister to the famous book "Poverty and Un-British Rule in India" by Dadabhai Naoroji. In fact, it is the first book which really made a national protest against the economy that was being continued by the British rulers in India and that is the first book which opened the eyes of the world as it were to the griavances of the Indian people. I feel that the approach that the Home Minister has made to a matter of this kind is very nice and I am sure it must have awakened in the House, in every member of the House, a patriotic fervour; he has made an approach to this question in a very broad perspective. It is not a question of merely looking at it as an Agreement that was signed and some clauses that were put in there. Some have been violated and some adhered to. There may be good reasons why an Agreement has come into existence. That is not the way that this question has to be viewed. I am sure in the concluding address of the Home Minister he made the right approach when he said that so far as the future is concerned, the Government have got the hand of fellowship extended even to the foreign Companies. The fact that it is a foreign Company has not really influenced us, but the one thing that is really the concern of the Government, now, is the welfare and well-being of the people as such. That is, I am sure, the right approach, I want to take the time of this House by a few minutes just to find out how we can consider this question: I will try very honestly not to repeat what has been said either by the Home Minister or the Leader of the Opposition. So far as this Report is concerned, one thing that really worried one was—and I am sure that it would have been not at all an over-statement, but merely a sheer under-statement—to find from what Sri Imam was saying that the expressions used against this Committee were not at all becoming. I would even say, without meaning any offence to anybody, we expected an elementary courtesy from this Company which has lived amongst us, which has tried to be one of us for all these years. Some members of this House were members of this Committee, including the Home Minister; I would rather say it touched our self-esteem badly and I am quite sure that is the way in which every member of this House would take these references that the Company has made to the honoured members and colleagues of this Committee. It may be that you may not agree with something, somewhere, but I wanted the whole approach to have been something different. The most unhelpful attitude that this Company has taken up in a matter of this kind is something for which the

Company has to thank itself. Therefore, to show how I am looking at this question I want to trace the history as it were in a very few words.

I will come to the stage—1940 in the first instance and then 1945 and to 1949 next, because those years seem to be the crucial years in the history of the gold mining industry here. One important circumstance that I want to impress on this House through you is, that the attitude of the Government here has been very patriotic and very generous and very enlightened from the beginning of 1875 right up to the year of Grace 1955. We find through the long range of 80 years that whenever an Agreement was made, when understandings had to be arrived at, there is always this approach. First take the first important Agreement, to mine, apart from the exploratory ways in which the e mines were being worked out by crude, local talent. The Home Minister was perfectly right in recalling the memory of those earlier Adidravida persons, the depressed class persons who are really the pioneers in this industry. On an occasion like this it is but meet that we should record our admiration and gratitude to those people. It is something to congratulate them upon. That apart, let us look at 1875 now. The first Agreement that you have is somewhere about 22nd February 1875. The right to mine was given without even paying royalty. You find that in a mood of generosity it has been given to a foreign company; in place of the crude attempts made by some local talent to get the gold from out of the bowels of the earth, there was an honest and generous attempt made. Some talented people who were well versed in the art as it were—they were given the right to prospect without asking for any royalty. That goes on from 1875 to 1880. I want you to appreciate this interegnum of five years from 22nd February 1875 to 13th August 1880 when the second Agreement, an important Agreement came into being. For the first time a levy of 5 per cent of net sale proceeds of gold and 10 per cent of saleable value of the precious metal was imposed; that is the Agreement. There is always the tendency to assess the cost of production. So long as it was not a saleable commodity, and the sale proceeds could not justifiably bear the burden, up to that time there was always the relief given. We then come to the third important Agreement of 1902 with the additional levy of royalty at 2½ per cent of dividends declared. There again the same principle continues, namely, when the market was very good, when sale price went up, when it can bear an additional burden, there only was the additional royalty of 2½ per cent in 1902. Then we come to the fourth important stage when there was an additional levy on a sliding scale of dividends declared or adjusted profits possible but to the same minimum of 1902, namely, 2½ per cent. Before I begin to offer my comments on the Gold Duty Act which came about 1940, I want you to appreciate the fact that from 1875 to 1940 the local Government,—you call it native Government, whatever you may call it,—has always shown a gesture of justice, a gesture of goodwill, a gesture of being very concessional to these persons. We see, the levy was on one condition that the sale price was going up, it had become a saleable commodity, and the industry could bear the additional burden.

I want you to appreciate the year 1940. My Hon'ble friend the Leader of the Opposition has made a reference to it in a way. 1939 is the year in which the famous Second World War broke out. At that time in other gold producing countries in the world, similar measures were taken up because they found that the exigencies of war, the whole world being a theatre as it were, necessarily raised certain new issues, new currents and new trends in the commerce of the country; gold being the determining factor, being the only important metal, had to take up the majestic and the pristine role. Even there I want you to appreciate one thing. Whereas all other Governments thought of controlling the gold price, the Indian Government,—let us remember it was a foreign power which was running the Government here, not in the interest of this country, but in

(SRI K. PATTABHIRAMAN.)

the interest of a foreign country—wanted the gold of India to go to the international market so as to be a pawn in the game of commerce which the British Government wanted to play. That was the trend that the Rulers of the country were having when international trade and commerce was going in that direction. I must on this occasion recall with pride the patriotic effort made by the then Dewan of Mysore to take up a matter of that kind and, despite the political currents and risks, dispute foreign influences at that stage; here was one man standing up in one corner of India who said: "I am going to bring forward Gold Duty Act". It is an act of courage and I am sure they will be inscribed in golden words and give him the meed of praise. Now, I want to impress one important thing about Gold Duty Act. I have gone through the provisions of this Act and I feel that the way of looking at this Gold Duty Act is two-fold. One is, it is not merely grabbing a little more money for the Government; that is not the only determining factor; it looks something more than that; it is quite reasonable that, due to adventitious circumstances, due to international development, if the price of gold goes up, the State was entitled to take a portion of that enhanced price of gold, and so, if the price of gold went above Rs. 100, they said that 75 per cent of it should go to Government. That is one part of the Gold Duty Act. I am looking at the Gold Duty in a different perspective altogether. It is that that I want to impress on you. In fact, it is from that aspect that I oppose the Repeal of the Gold Duty Act. It is not in terms of rupees, annas and pies; but it has got a greater significance than that; it has got a greater meaning which I want to impress upon this House and I request every Hon'ble Member of this House to take that aspect into consideration. Government was getting the extra amount over the sale price of 100 rupees to the extent of 75 per cent. It was a very commendable thing. But even more than that, there is one circumstance which I want this House to appreciate and that is, at a time when a foreign company was dealing with this, here was a Government which, in a legislative set up exercised its sovereign rights. That is the importance of the Gold Duty Act; by its repeal I feel we have lost everything. I do not so much feel for the repeal of Gold Duty only because it has taken away some rupees. It is not the rupees, annas and pies that worry me so much. But I find in it the legislative sanction that this sovereign Government exercised as owner. In fact, what is it that has happened today? We have been hearing that the Companies feel something at the very mention of the word, the Mysore Government calling itself the 'owner.' Therefore I say that some praise and tribute is due to Sir Mirza M. Ismail not because he gave some more money to the coffers but because it was decreed by him. "We are the owners, the rightful owners, of the mines and therefore pay the Gold Duty to the coffers." It is that approach that is very important. If you scan and analyse the various provisions of the Gold Duty Act, in addition to this psychological approach, you will see there was in it something more than the money that was coming to the coffers. A number of clauses were included by which control was exercised by the local Government. I request this House and every Hon'ble Member of this House to keep in juxta-position the Gold Duty Act and the rules framed on the one hand and the Agreement and the variation clause on the other. If one scans and analyses this, I am sure his sorrow will be the greatest, because one can see how far we have lost and how far we have gained. You will kindly see on page 117 and 119 we have got the Mysore Duty on Gold Act. These two documents are complementary to each other. Taken together, you find not merely the levy of Gold Duty as such but something more. You have got the power to interfere; you have got the power to control. In fact, if this Duty on Gold Act and the Rules were strictly enforced by the Government surely the mines could not have had any opposition; the path should have been very much smoothened and

it would have been impossible for the mines to defeat the very purpose which the Government had in view. Therefore, it is against that background that I wish to think. Sir, there is another way of looking at this point. This Gold Duty Act was enacted at a time when the prices were not very high. As a matter of fact, from the schedule we can see that it was somewhere about 113, 116 or 119. Therefore, the margin would be only Rs. 16 or Rs. 19 or Rs. 13. 75 per cent of it would hardly come to anything substantial. I ask you, Sir, in all humility, to consider, when the margin was Rs. 13 or Rs. 16, if 75 per cent of it is asked to be paid, would any Government have been appreciated?

6 P.M.

Therefore I feel, Sir, there was a soaring tendency throughout the world, and this was clearly foreseen. You must admire the courage and the foresight of the Statesmen concerned, even when a margin was only Rs. 13 or Rs. 16, they anticipated the future. The prices did soar up. Now the present rate is Rs. 250. That is one aspect. There is another aspect that I want this House to consider. Just if you take the years 1937 and 1938, the prices were in the range of between 40 and 60. It would have been perfectly within the competence of the Government if it demanded more as in the immediate context of things the figures were not encouraging. I feel, there should be some gratitude forthcoming rather than condemnation. That is what hurts me. I am sure every Hon'ble Member of this House would see that gesture of goodwill and when in the immediate context there was no prospect of getting anything substantial, nevertheless, the Government says take hundred as a minimum. I leave the matter there. There is then the year of Agreement, that is, 1945. I will just speak a word about 1945. I am sure my esteemed friends, both the Hon'ble Minister and the Opposition Leader have made very eloquent comments on this matter. But I want one aspect only to be impressed and that is, even that is in the general scheme of generosity and good gesture that is meted out to this Company. In 1945 when the new Amending Act was passed by which an *ex gratia* grant was to be made up to 50 per cent of the duty leviable or otherwise made, there were no compelling circumstances warranting the same. In fact, I want you to appreciate the years between 1940 to 1945; those were the five years when the prices were soaring up, and the Government were justified to say that the Companies were not entitled to have all the profits for themselves. If they had levied something more on them, they could not have grudged paying more. Instead what is it they have done in 1945? They have passed an amending Act in which they reiterated the important clauses of the Gold Duty Act and added a further clause in regard to the *ex gratia* grant. There was something in the mind of the Government which prompted them to give *ex gratia* grant. From my point of view, they were—the control and the discipline they could have enforced on this industry to maintain this industry.

In fact, even when making *ex gratia* grant they could earmark the money for certain purposes. They could have said: "We give you 15 lakhs of rupees; out of that say ten lakhs must be set apart for labour amenities, give them housing facilities, give them other amenities". Like that, it was open to you to have said when making that *ex gratia* grant to ear-mark the money for certain purposes and add that the amount shall thus be utilised as a condition precedent.

And then, Sir, we come to the fateful year, 1949. I call it fateful doubtless, let me be clearly understood. Fortunately two persons who were in the Government then, are with us now. I take pride in sharing their confidence on this occasion. And I refer to my Hon'ble friends, the ex-Ministers Sri T. Mariappa and Sri R. Chennigaramiah. Both of them were members of that Government and if on an occasion like this, while we took a general view and nay, a critical view, we must not be mistaken. There is absolutely no question of doubting the *bona fides* of the Government or the *bona fides* of the

(SRI K. PATTABHIRAMAN.)

persons who did it. I am sure their sacrifices to the country, their past and their wide experience and knowledge make me believe that there could be nothing dishonourable or nothing uncomplimentary or unpatriotic in their attitude, while becoming parties to this. It may be an error of judgment; it may be that they did not have in possession all the facts. Having said this, Sir, let me examine one aspect of the question on this occasion and I am sure even my friends Sri T. Mariappa and Sri R. Chennigaramiah will not express any dissent when I say that the Finance Minister who was perhaps responsible for this, was asked by an Hon'ble Member in the House, by Sri L. Siddappa, what were their assets in Britain. British assets play very important part and in fact there would be nothing wrong in admitting that you did not have in possession all he relevant facts. Possibly they were not disclosed to you. Or probably, you did not have sufficient time or sufficient opportunity to probe into these matters. Whatever might have happened, the net result is there. The answer is more eloquent than all the eloquence that I can put in on an occasion like this. The British assets come to nothing according to the reply. Here we have a solemn document for which we are grateful to the Government and more particularly to the Hon'ble the Minister. We can now unmistakably say that the British assets at that time were very substantial. I know Sri H. C. Dasappa very well. If I have any person with whom I have had the longest period of association, it is Sri Dasappa. I have known him ever since I was a student and he was a lawyer in Bangalore. That is how it began. If on this occasion I have made any remarks in regard to my friend Sri Dasappa and also my very good friend Sri Chengalaraya Reddy, to whom reference has been made, they should be viewed against this background. I have had the most intimate association and friendship with both these gentlemen, and if I have nevertheless made some emarks, it is because I have to take facts as they are. It is possible that an explanation may be forthcoming that *bona fides* could easily be established and I am sure you will not deprecate my references to some of these friends and more particularly to Sri Dasappa. That is a matter which has really coloured and changed the entire course of the subsequent history of the Rupee Company. If a responsible Minister says on the floor of the House that only benches and tables were in England as the British assets of this firm, I must tell him that he must have been misinformed about this. My grievance also against this is, in the place of a law or a statute you have substituted an Agreement. What is it that the 1945 Amending Act said? If in certain cases you were justified in thinking that there was a difficulty, that the industry had to be protected against, it was open to you to grant them relief. In addition to the 50 per cent relief, there are other items of revenue which could also be excused. You had something like, to use the Kannada word, a 'Brahmastra' which you could have kept in reserve and used when the situation demanded; but what you have done is, you have simply thrown away that 'Brahmasthra.' Is that a proper business approach? You might have had very good reasons, I know. My friend, Sri Mariappa, when the Leader of the Opposition was talking, was referring to Indianisation and various other expectations that they had. I am glad they had those expectations. But today we have been seeing that substantially they are belied. There is no doubt about it. I use the word 'substantially' because I am not prepared for any other word. The whole thing has been kept back and the Mining Companies have failed in their obligation. But I find this way of substituting a law by an agreement with all its disadvantages is there; it should not have been done. I feel very strongly on this matter. I will not yield to anybody, but I keep still an open mind. When Sri Mariappa was taking notes, I really anticipated that he would contribute his quota into this debate and I particularly

chose to speak even before Sri Mariappa did, not because I wanted to forestall him, but I wanted to tell him how some members felt about this matter. Though we do not question the *bona fides*, it might be with the best of intentions, but still by and large one inescapable conclusion that we must necessarily come to was and is that substitution of an agreement in the place of a law which gave you all the rights, was not proper.

Then we come to the next thing. Apart from that, let us look at the clause of the Agreement. You have got three agreements, calling them variation agreements with the Companies. That is why I requested Hon'ble Members to put these two in juxta-position. Where you could have weilded your influence, exercised your authority, directed some control movement and kept the industry in check not in the interests merely of the money of the State—mark those words "not in the interests merely of the money of the State"—but in the interests of the industry itself, I would rather think that if these had been exercised, the labour population could have been given a fairer deal than they have received. In juxta-position, what is it you find? I will give you only one instance to show how the main theme and the general tenor of the Act in contra-distinction to the agreement could be looked into. I have taken one of the three agreements because all the three are of the same pattern and they are almost in identical terms. I request every Hon'ble Member of the House to take the facts as they exist at about the time when this agreement was concluded and try to reconcile these preliminary clauses of the agreement which are the *raison d'etre* by which this agreement came into existence. It is stated thus in page 129 of the Report:

"Whereas by a Lease dated the 25th day of March 1935 between the parties hereto hereinafter called the Lessee, the Mining rights licences and liberties therein described in respect of the land described in the first schedule thereto annexed were demised unto the Lessees at the rents and royalties and on the terms, conditions and for the period therein set out; and

Whereas subsequently the Gold Duty Act XIX of 1940 as amended by Act XXVI of 1945 and the Mysore Duty on Gold Refund Rules dated 17th April 1945 have been passed or enacted and are now in force and govern the payment of further sums by the Lessees by way of Duty on the net sale proceeds or value of the gold produced and sold.

And whereas it has been brought to the notice of the Lessors that owing to changed conditions (*Mark the words 'Changed conditions'! Are they true?*) in the income and working expenses of the mines, the said existing Gold Duty Act of 1940 as amended by Act XXVI of 1945 and the Mysore Duty on Gold Refund Rules dated the 17th April 1945 are not favourable to and do not provide for or ensure the proper development expenditure of a capital nature essential for the longevity of the mines and for their improved working and proper maintenance and in certain cases do not provide or leave sufficient funds for even the revenue expenditure necessary for the proper working of the mines at a profit by the Lessees, and

Whereas the parties hereto have agreed that in consideration of the Government of Mysore repealing the existing Gold Duty Act, the Lessors may adopt the mode of taxation on the profits and on terms and conditions set out in detail more fully hereunder:"

I want this paragraph to be reconciled. Our friend the Home Minister has quoted chapter and verse and several data to show that at about that time they were not agreeable to undertake development works not by virtue of this Gold Duty Act. As a matter of fact moneys were available in spite of this Act and if they were not used for

(SRI K. PATTABHIRAMAN.)

the purpose for which they ought to have been used, and relief was even given. . . .

Sri T. MARIAPPA.—Relief was not sufficient and so, loans were also given.

Sri K. PATTABHIRAMAN.—We know what a loan transaction in a case of this kind means. The facts are there. We have got the entire data before us and I will be very happy if you can controvert that and convince us to the contrary. What is more, on the top of it all, let us not forget for a moment that a Committee was constituted under the Chairmanship of Ex-Dewan Sri N. Madhava Rao and in their report there is a statement in unmistakable terms that the imposition of the Gold Duty was certainly not the principal cause for the closure of the mine in question. The facts are there. I will not go into all the details lest I should tire this House. As a matter of fact, in his masterly elucidation, the Home Minister has given relevant data and his own irresistible conclusions and I am whole-heartedly in agreement with them. I will ask you another question What was the position at that time? From the way in which the sale price of gold was increasing, as could be seen from the schedule, it is very clear that at that time when you came into this agreement, the prices were not going down. As a matter of fact, gold prices were going up. On 20-2-1949 when you wanted to replace the Duty Act by this Agreement, the prices were not going down; they were on the other hand, going up. I am very glad that the Home Minister dinned into our ears perhaps more often than once by saying that it was due to adventitious circumstances. If that is the case, the adventitious circumstance like the price of gold should not be the determining factor. Why did you correlate your working expenses, your development procedure, your very existence to the price structure of gold?

In fact, it would be an ununderstandable statement of facts and a contradiction in terms. Therefore, I say there was no need. In fact, the gold price was soaring at that time; in 1948 and onwards you find the price of gold was simply going up and it was somewhere about Rs. 300.

Sri K. HANUMANTHAIYA.—The correct position is, the gold price reached its peak in 1949. From the next year it has gone down. In 1949 the selling price was Rs. 306 per ounce and from the next year it came down.

Sri K. PATTABHIRAMAN.—Therefore, what I am trying to make out is, in 1949 there was no case made out for the immediate repeal of the Gold Duty Act and its substitution by this Agreement. In whose interest was it done? Is it in the interest of the Company?

Sri T. MARIAPPA.—From 1945 to 1949 there was a tendency to fall. That is why relief was given but for which the development work could not have been kept up. Moreover, there was the integration of Government of India.

Sri K. PATTABHIRAMAN.—I am afraid I have not made myself clear. What I wanted to impress upon this House and through you upon my very good and esteemed friend Sri T. Mariappa was this. We are thinking of the year 1949. Let us forget for a while 1950 and onwards.

Sri A. BHEEMAPPA NAIK.—From 1945 to 1949, there was no falling tendency in the price of gold.

Sri D. DEVARAJ URS (Hunsur).—There was no fall; there was a rise on the other hand.

Mr. SPEAKER.—May I request Hon'ble members to allow the member who is on his legs to continue his speech? At this rate, it is not possible for him to continue at all. Hon'ble Members may express their opinions while they speak on this subject.

Sri T. MARIAPPA.—I wanted to correct an impression, the question of the fall in price. Was the relief given from 1945-49? The relief was necessitated because of the rise in the cost of production. Till 1949 there was a tendency to rise. We were not in power in 1945-46.

Sri K. PATTABHIRAMAN.—I wanted to say from the figures that we have at page 21 that from the year 1945 to the fateful year 1949, the tendency was to rise and not to fall.

What I want to show is that in 1949—to use legal language which both my friend and myself could easily understand,—what was the immediate cause or provocation? From 1949 when you took this fateful decision, the prices were going up. The tendency then was to rise. The ruling price of gold from time to time in India was:—

		Rs.
In 1945	...	203
1946	...	266
1947	...	286
1948	...	302
1949	...	306
1950	...	303

Here you have lost your whole case. My question is when the Gold Duty Act was passed, the ruling price of gold was high. The price went beyond hundred. Was the Government satisfied by the circumstances that there was a case made out to grant the *ex gratia* grant? Let us be clear. We are not lacking in common sense, it is sheer logic. Therefore I ask what was the tendency in 1949, when you wanted to make this change?

(*Interruption*)

Sri K. HANUMANTHAIYA.—May I make an appeal to the Hon'ble Members of this House, it is no use speaking about what has happened earlier. He himself has said, there is no *mala fide*. Therefore, we can as well proceed to what we should do hereafter.

Sri K. PATTABHIRAMAN.—Now a statement has been made; it will not be correct if I do not answer it, lest it should be said that rudiments of economics and commerce I lack the knowledge of. It is only in that respect I am speaking. The year 1949 is significant for other purposes. Apart from this, in 1950, the Indian Constitution had to be enacted. The Constituent Assembly was already there. Somewhere about 1949 the Draft Constitution was in our hands. They knew what the position of Mysore would be *vis-a-vis* these mines. The Government representatives were also on the local Constituent Assembly in Delhi. The Constitution came into effect on the 26th January 1950. When the constitutional changes were to be effected, the future of the Mines and of the Mysore Government as owner was there. That was certainly not the time to repeal the law. I would go to the extent of saying, I cannot appreciate you when you say that you foresaw the conditions. As a matter of fact, excuse me, if I were to say, they lacked in forethought. At that time the Draft constitution was circulated throughout the length and breadth of India. Most of our friends were in the Constituent Assembly. It was common knowledge that Mines came under the concurrent list. These mines were affected by the constitutional changes. That was certainly not the time to repeal the Act. In the meanwhile financial integration also came in. It would have been much better if they had not accepted the Financial Integration; it would have given them extreme power and extreme strength if they had registered the Financial Integration. What they did was, they abrogated the law and entered into an agreement—and became something like contractual parties standing before panchayatdars. There is also another thing which my friend was saying that the international situation could have been foreseen. As a matter of fact, in the year 1948 and 1949, we were at the end of the War. That was a time when they should have understood that gold was going to play a very important part in the economics of the

6-30 P.M.

country, nay, the world. As a matter of fact, the devaluation of the pound sterling in England came long after. Sri Imam was saying, control the commodity and keep the commodity within the country. In fact, whereas then in every country gold was not available in the open market, and it was a controlled commodity, even the price was controlled, in India, unfortunately, because we were not the rulers of this country, we had no option but to leave it a free commodity saleable in the open market so that any person asking for it may get it. Giving away

(SRI K. PATTABHIRAMAN.)

gold in a case of that kind was not the proper thing. In fact, if I had any say in this matter and I regret I had not, I would not have got repealed the Gold Duty Act. That was the proper time even to take more stringent measures. My only grievance is that it could not be said that they were not able to foresee these things in the year 1949 or 1950. The agreement between the two parties—I do not know if it is on a 12-anna paper or another stamp paper—I am referring to, contains the arbitration clause. The owner, *i.e.*, the State is the lessor and they are the lessees. The rights of the lessee are very much limited. The lessee has taken full advantage of this agreement and is behaving as a respondent might behave in a Munsiff's Court, saying to a plaintiff, 'Look here, plaintiff, you are committed to this agreement and ask for nothing more.' That is the attitude. That is how you are challenged. You as the State and the owner have sovereign rights. Yet they think you were merely the obliger and they were the obligees under a contract. Rights under a statute and under a law were thrown away and it was replaced by a mere agreement! I do not want to take much time of the House. Otherwise, I could have shown by reading several clauses of the agreement—at least one or two clauses—how it was so. I will only give one instance to show . . . .

Sri A. BHEEMAPPA NAIK.—I want you to take more time and tell us about it.

Sri K. PATTABHIRAMAN.—I know it is born out of good will and sympathy.

Sir, I wanted to read one or two clauses in one of the agreements just to show where there is the shift of emphasis, what we had under the Gold Duty Act and the Rules thereunder and what we had under the Agreement. I will just read one clause: clause 6 of the Agreement (page 131): If you read the Gold Duty Act and the Rules thereunder, you feel that there is something majestic about it and it is exhilarating. On the other hand, read this clause in the Agreement, you feel as if you have become a hunch back! and as if you are crawling to get some advantage. That is the difference that any one can experience by reading the Act and the Agreement.

> "(6) In the case of the Lessees not declaring or providing for a dividend in excess of six per cent free of income-tax (Mysore) if the net surplus does not exceed six per cent of the paid-up capital, such surplus shall be shared between the Lessees and the Government in equal proportions. If the net surplus exceeds six per cent of the paid-up capital, it shall be shared in the proportion of twenty-five per cent and seventy-five per cent by the Lessees and the Government, respectively, provided that the share of the Lessees shall be not less than three per cent of the paid-up capital of the Lessees:" (P. 131 of the Report).

I ask, whose interests are guaranteed and safeguarded? I do not want to comment further. From this clause it is very clear that the dividend that the lessee gets, the profits that the lessee makes—that is the *primum mobile*, that is the important thing that colours the vision and actually prompts the tenor of the Agreement. I leave the matter there. I do not want to say much about the other matters which have been referred to so far as the clause relating to 'net surplus' is concerned. My friend the Leader of the Opposition and the Hon'ble the Home Minister in their own inimitable why have given cogent data to show, how taking advantage of this expression 'net surplus', moneys have been manipulated and manoeuvered—it cannot be said that all that they have said is not justified, it is possible there may be an overstatement in a certain respect,—by and large one inescapable conclusion you come to; taking all the facts, all the relevant data into consideration, there is the fact of their taking full advantage of the situation created by the repeal of the Gold Duty Act and, shall I now

say,—by the absence of proper superintendence, control that we were entitled to have,—whatever may be the reason as to why it was not exercised, the fact remains—the interegnum period of two years has been taken full advantage of by the Mining Companies and things have become and made a *fait accompli* that you cannot escape from. One of them is this unfortunate pension scheme. I agree with the Leader of the Opposition when he said that the pension scheme might have vitiated the contract. I request you to get it examined by the highest legal authority. The 'net surplus' is the determining factor in this contract; the manner, the extent and the way in which net surplus works out the rights of the two parties are to be determined; when net surplus is something, you get something; when it is something else, you lose something else. That is the main tenor. I am surprised to be told that an officer of the Government could agree for the Government, make a commitment on behalf of the Government, and make the Government a party to it. It is something surprising.

Sri H. SIDDAVEERAPPA.—There is nothing on record.

Sri K. PATTABHIRAMAN.—Even if a serious suggestion should have been made like that and the intelligence of this House should have been insulted by making a reference to it. I would like to ignore it and forget it altogether because it is something that I cannot think of. With all the history of 80 years before you, with the contractual obligations actually reduced into writing and—who are the parties to it, the State Government, a sovereign authority with all the necessary authoritarian powers on the one hand and a Company with one headquarters here and with another headquarters at the seat of the British Government which controlled the destinies of one-third of the human race once—to suggest that an official-director while at one of the meetings, said: 'I agree on behalf of the Government' is a suggestion to be put forward only to be rejected. So far as pension scheme is concerned, who is it that got the advantage of the pension scheme? Not the 30,000 or 40,000 poor labourers? In fact on an occasion like this our grievance is that not merely this pension scheme had been inaugurated to the advantage of a few but it had been done so as to emphasise the difference between the few and the many. I would have appreciated if the Company had applied this pension scheme or some benefit to 33,000 or 40,000 Indians who toil day in and day out, go down one of the deepest mines in the world without knowing until they come up to the surface whether they would live or not. If these toiling poor labourers were given the advantage of the pension scheme, I am sure our sympathy would have gone to them, and the whole House would have welcomed it and said: "Here is something good which the Company has done, whatever might be their motive or objective, to the toiling 30,000 labourers". But what is it that has happened? From then onwards they have to go day in and day out with a begging bowl asking for doles of relief before the tribunals. I say, if there is one strong reason to doubt the *bona fides* of the whole scheme no other argument was necessary excepting this that 30,000 Indian cooly-labourers were left dry with 12 annas or 14 annas. In fact I will not add anything more in regard to other questions that have been raised because I do not want to take much of the time of the House.

Sri N. C. NAGIAH REDDY.—You are cutting a dead body and conducting post mortem.

Sri K. PATTABHIRAMAN.—I am glad you have made that suggestion. It is necessary. I want to impress upon the Government of India on behalf of the Government, on behalf of the House and on behalf of the people of the State that so far as the future is concerned, these are certain basic considerations the violation of which we cannot tolerate. I want to impress and show to this House that every Member must assure the Hon'ble the Home Minister that we are behind him solidly like a phalanx in so far as the larger issues involved in this controversy were concerned. It is not a question where individual feelings

(SRI K. PATTABHIRAMAN.)

and sectional considerations come in. On this matter I wanted it to be clearly understood that the Mysore people, whom we have the honour to represent, this evening are watching this debate. I shall presently tell you what exactly I feel about these mines and it is in this background that I am referring to this and not that I am starting a post mortem examination, as my Hon'ble friend just now said. I am a very good lawyer and I have cross-examined very many good doctors; now I am not doing that. Rightly, or wrongly throughout the whole period of 80 years, the sovereign rights of ownership of the Mysore Government had been emphasised and I am sure it was never meant to detract from that position when you got into that Agreement. But unfortunately for us, though on this matter there has been absolutely no change of front either by the old Governments or by the popular Governments, still there is a body taking advantage of the Agreement and say: "You are not the owner; we deal with you on a footing of equality as per the contractual obligation." It is that, that I want the Government of India to ensure and safeguard. Let it be clearly understood that rights, the just rights of the country concerned, of the State concerned, of the people concerned, whatever may be the contractual obligations, will be safeguarded. Since this subject is in the concurrent list, we cannot take any steps straightaway and all by ourselves we cannot legislate. It may be urged before them that royalty may be changed to 10 per cent. But what I am anxious is, we must strengthen the hands of the Government. We must tell everybody concerned on this occasion that we are prepared to meet every challenge and we would not hesitate to accept it. What is the challenge to which I referred to? Here is something which has also worried me. I am glad my friend Sri Mohamed Imam has referred to it in a way as to what that challenge is. Sir, right through we find a challenge is made; whenever you ask for a little more money, we are opposed with the challenge to close down the mines. Now, I ask through you the Government here and the Government of India, should we not face this threat some day? Suppose I ask in all humility, just as a sort of gesture, and request the Home Minister not to press his point of doubling the royalty from 5 to 10 per cent, do you think this tenor will stop? I want this House to understand that there is something deeper than what appears on the surface. I want to impress upon the country at large and upon the Government of India that this is a challenge which we have to meet. Even if we make up our minds and ask the Government not to raise the royalty to 10 per cent now and yield to their demands, next year they may say: "Please wash out even that 5 per cent; otherwise the mines will be closed." It will then show our helplessness and our dependence. In fact, I would go to the extent of saying it hurts our national esteem and national respect. This is a matter on which we must be very clear. In fact, nobody is anxious in this House that this industry should die or close. In fact, I heartily endorse the concluding remarks of the Hon'ble the Home Minister. He was so reasonable when he said that we must come to some understanding and if there is a real grievance put forward we must remove it. I feel if that threat is not unreservedly and unconditionally withdrawn, then it will be a stirrup; so far as I can see, things must change ere long and sooner the better. Therefore, we must make it abundantly clear to the Government that we should not be assumed as helpless. Did not our erstwhile Rulers say the same thing when we asked for Swaraj for this country? They said we had a British pattern of administration throughout the length and breadth of this country; and if they entrusted the reins of administration to us it would result in chaos. Only the Britishers could rule! However, I personally wish that there was even now an agreement and a talk across the table. But if it is at the threat of saying that if it was not done they will close down the mines, it is better we accept the challenge straightaway; otherwise, notwithstanding any agreement we come to, the

threat notice will be there. We must tell them that this kind of threat is not reasonable and will not ensure that helpful and congenial atmosphere in which we can as friends meet. After all, we have conceded that from a long time they have built up the industry. It would be failing in a sense of gratitude if I do not pay a handsome tribute to the Company for all the advice they have given, for the assistance they have given. That does not mean that the horizon is closed for us. Sir, if the Indianisation Scheme, which was one of the most important considerations which might have weighed with the Government when they repealed the Gold Duty Act and replaced it by an Agreement, was made a success, they would have been congratulated. It was sufficient if there was Indianisation from 1945 and we would have had enough technically trained personnel whose services would have been made use of when the question of nationalisation came. Nationalisation of a big industry, it is a problem which is not open to debate or discussion. It cannot remain in private hands, in those of a private owner or in a set of private owners. Call one a Congressman, a Socialist or call him a Sarvodaya Worker, call him by whatever name you like, it is common ground that big and key industries like this should be nationalised. Sir, I do not think that Indian talent is lacking in this country. All said and done, it may take some time. I would rather say that the gold may be left in the bowels of the earth rather than make myself a party to a cry, "For Heaven's sake, help us". A time has come when we have got to consider the question of this gold mines in a different perspective altogether. Is it sound or wise to allow a foreign company to be in such a dominant position when national complications are growing up, when in the new World trade and commerce are going to change their own routes? But, I do not want to suggest that they should be sent out bag and baggage here and now; I am not so ungentlemanly. What I say is, the control must be with us. They must be our agents. If they work under the Mysore Government, I would not ask them to go. On the other hand, if they want to say, "Only in this way we want to work", then, whatever may be our sorrow we have got to say that they must go. Sir, we are all aware that gold is going to occupy a very important place. Sri Imam impressed this House with the fact when he drew the attention to the instance of California where gold was available, that the country which had solid bullion gold would dominate the trade channels of the world. That is the role of gold in trade and commerce. We have yet to see a day when gold loses its place. Until that day came, gold is to be a very precious commodity. I feel, Sir, that for the next 10 or 20 years the country which possessed this commodity will be having a very dominant position in the international field. So far as India is concerned, gold should cease to be a free saleable article and its shipment outside, in my opinion, will have serious consequences. Sir, when major issues of this kind are involved, I appeal to you to make it abundantly clear to the mines on the one hand and to Government of India on the other as to how our minds are working. After all, we cannot dispose of this matter straight away. All that we can do is, we can make a recommendation. The decision will have to be shared with the Government of India. When that time came, I would like that the unanimous and unmistakable voice of this House was heard and the Government here and the Government there had our full support. I may conclude by saying that there should be no ripples on the calm waters so far as this debate is concerned. While considering such a major and a stupendous issue, I appeal to the whole House to take a larger vision and with unanimity to raise our voice.

Mr. SPEAKER.—The discussion will continue tomorrow. The House will now rise and meet at 8-30 A.M. tomorrow.

The House adjourned at Seven of the Clock to meet at 8-30 a.m. on Saturday, the 16th April 1955.

WD 4508—GPB—550—30-9-55